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Daily Report

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Daily Report

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General

Foreign Ministry Holds Weekly News Conference

Views Li Teng-hui's U.S. Trip

OW0405093995 Beijing XINHUA in English 0928
GMT 4 May 95

[FBIS Transcribed Text] Beijing, May 4 (XINHUA)—China is firmly opposed to the approval of Li Teng-hui's private visit to the United States by the U.S. House of Representatives' draft resolution.

Shen Guofang, a Chinese Foreign Ministry spokesman, made the statement in reply to a reporter's question at a weekly press conference here this afternoon.

The resolution, Shen said, constitutes an act of creating "two Chinas" or "one China, one Taiwan," which China is resolutely opposed to.

"We ask the U.S. Government to scrupulously abide by the principles of the three Sino-U.S. joint communique, strictly confining the U.S.-Taiwan relations to the scope of being unofficial and not allowing Li to visit the U.S. in any name or any form, or on any excuse, so as to prevent the Sino-U.S. relations from being undermined," the spokesman said.

Rejects U.S. Embargo of Iran

OW0405095495 Beijing XINHUA in English 0950
GMT 4 May 95

[FBIS Transcribed Text] Beijing, May 4 (XINHUA)—The U.S. suspension of its trade and investment relations with Iran will not help solve the problem, Chinese Foreign Ministry Spokesman Shen Guofang said here this afternoon.

In reply to a reporter's question at a weekly press conference, Shen said China always maintains that problems between countries should be resolved on the basis of mutual respect and through dialogues on an equal footing instead of imposing sanctions or pressures.

He noted that "the current practice by the United States is not conducive to the solution to the problem and, instead, will only further strain the relations between the U.S. and Iran."

China hopes that the two countries will seek to settle their existing differences through negotiations and dialogues, the spokesman said.

More on U.S. Embargo

HK0405073995 Hong Kong AFP in English 0648 GMT
5 May 95

[FBIS Transcribed Text] Beijing, May 5 (AFP)—China on Thursday [4 May] slammed Washington's decision to halt all US trade and investment ties with Iran, saying such unwarranted "pressure" would only serve to worsen

bilateral relations. "China always maintains that differences among nations should be settled through equal dialogue on the basis on mutual respect instead of imposing leverage or pressure," said a foreign ministry spokesman.

"The US's strengthening of sanctions against Iran is obviously not conducive to settling the issues between them but instead makes bilateral relations more tense," he said. "We are not willing to see this," he added.

US President Bill Clinton announced a ban on all US companies dealing with Iran Sunday, charging Tehran with backing terrorists and attempting to develop nuclear weapons. Secretary of State Warren Christopher said the following day that Washington was working to prevent Iran from obtaining weapons-grade nuclear material sought by Tehran for many years, maintaining that the Middle Eastern nation could use civilian technology for military purposes.

Particular efforts were being made to prevent China and Russia from pressing ahead with plans to assist Iran with civilian projects by supplying advanced technology, he said. However, at the UN meeting last month on the extension of the Nuclear Non-Proliferation Treaty (NPT), Chinese Foreign Minister Qian Qichen rejected US pleas on the grounds that no international law prohibited Beijing's sale of civilian technology to Iran, itself an NPT signatory. Clinton's appeal to western countries to follow suit in limiting economic ties with Iran has met with a cool response.

Views Japanese Loan Terms

HK0405103595 Hong Kong AFP in English 1002 GMT
4 May 95

[FBIS Transcribed Text] Beijing, May 4 (AFP)—Japanese Prime Minister Tomiichi Murayama on Thursday rejected a Chinese government request to ease repayment conditions for Japanese loans, which have tripled in dollar terms value because of the yen's rise.

Murayama, on a five-day China visit, said the top priority was to stabilise the exchange rate rather than change the terms of existing Japanese loans. He also pointed out that the appreciation of the yen had meant a sharp increase in direct Japanese investment in China.

Chen Jian, spokesman for the Chinese foreign ministry, indicated no progress was made on the question, despite Beijing's wish to find a "reasonable solution."

Tokyo has lent 1,681 billion yen to China. When the first credits were made in the early 1980s, the dollar was worth 230-to-240 yen. But now that the greenback has dropped below 85 yen, the amount of debt has nearly tripled, from 7.0 billion dollars to nearly 20 billion.

Tokyo maintains the payments are spread over 20 years, the dollar could rebound and China has adequate cash reserves.

The issue will be taken up again during the annual bilateral meeting on Japan's overseas development assistance, scheduled for the end of May or early June.

'Not Aware' of Chen Arrest

HK0405111095 Hong Kong AFP in English 1018 GMT 4 May 95

[FBIS Transcribed Text] Beijing, May 4 (AFP)—Two senior executives of Chinese steel giant Shougang, embroiled in scandals that led to the resignation of the company's chairman in February, were sentenced to death for economic crimes, official sources said Thursday.

Shao Jun, director of subsidiary Shougang Shipping Co., was given a suspended death sentence in January by Beijing Intermediate People's Court, according to metallurgical ministry sources.

He was accused of accepting 640,000 yuan (76,000 dollars) in bribes.

Yang Liyu, assistant deputy general manager of the Beijing Iron and Steel Co., another Shougang subsidiary, also received a suspended death sentence for allegedly accepting 320,000 yuan in bribes.

Zhao Dongxiang, the subsidiary's deputy general manager, was sentenced to 10 years in prison.

Shougang, or Capital Iron and Steel, is one of China's largest companies and was chosen by 90-year-old patriarch Deng Xiaoping as a model for his free-market economic reforms launched in the 1980s.

Company chairman Zhou Guanwu resigned in February a few days before the arrest of his son Zhou Beifang, head of the steel complex's two subsidiaries in Hong Kong, for alleged fraud.

Zhou junior's arrest heralded the start of a corruption crackdown in the Chinese capital that has since cost the life of at least one official and resulted in the dismissal of former Beijing party secretary Chen Xitong.

The drive is also believed to have left numerous officials in detention.

Former vice mayor Wang Baosen committed suicide on April 4 after coming under investigation for economic crimes.

At a weekly news briefing Thursday, Chinese foreign ministry spokesman Chen Jian was called upon to deny numerous rumours circulating in Beijing of new developments in the anti-corruption campaign.

In response to questions, Chen said he was not aware that Chen Xitong was now under house arrest nor that Deng Xiaoping's son Deng Zhifang was under investigation in connection with the Shougang case.

The steel giant's Hong Kong operational arm Shougang Grand International, of which Deng Zhifang is managing

director, also issued a statement to the Hong Kong stock exchange Thursday saying the reports of Deng being questioned were "untrue."

Denying that any new anti-graft campaign was underway in Beijing, Chen Jian said, "we are just following legal proceedings in dealing with each and every case of corruption."

He warned that "however senior anyone's position, if he has committed crimes he will have to be dealt with according to the law."

Meanwhile, Li Geng, a director of Shougang Concord, told Hong Kong's Beijing-funded Ta Kung Pao newspaper that the company would concentrate on core iron and steel businesses under Bi Qun, the Beijing parent company's new chairman.

"We will no longer rush into buying new listed firms" in Hong Kong, Li said.

Under Zhou Beifang, the group went on a two-year buying spree to acquire interests in several Hong Kong-listed companies.

The company came on to the Hong Kong bourse in 1993 by way of a "back-door listing," whereby it acquired obscure companies then injected assets into them—thus avoiding China laws on overseas listing of state companies.

Li reiterated that Zhou Beifang's arrest was "purely a personal matter" and was in no way related to Shougang's operations in China or in Hong Kong.

"No one has questioned me concerning him (Zhou Beifang)," said Li, adding that other top Shougang officials had not been summoned by prosecutors to assist in their enquiry into Zhou's case.

Li also denied earlier reports that he was also detained in Beijing during Zhou's arrest, saying his delayed return to Hong Kong was due to slow processing of his visa application.

When asked at a weekly news briefing Thursday about the reports that Deng Zhifang was under investigation, foreign ministry spokesman Chen Jian said: "I am not aware of that."

Hong Kong To Maintain Judiciary

OW0405102795 Beijing XINHUA in English 1019 GMT 4 May 95

[FBIS Transcribed Text] Beijing, May 4 (XINHUA)—Hong Kong shall have independent judicial powers and the authority of final judgement according to the Basic Law, Foreign Ministry Spokesman Shen Guofang reaffirmed here today.

In reply to a reporter's question at a weekly press conference, he said that while preserving the restrictions

of Hong Kong's existing legal system under the principles placed on the authority of final judgement, the court of the future Hong Kong Special Administrative Region (SAR) shall have judicial authority on all the lawsuits of the SAR.

The court of the Hong Kong SAR, however, will have no jurisdiction on state behaviors such as defense and foreign affairs, the spokesman said.

World Bank Approves Loan for China's Tax Reform

OW0405104495 Beijing XINHUA in English 0952
GMT 4 May 95

[FBIS Transcribed Text] Beijing, May 4 (XINHUA)—The World Bank has approved a loan of 50 million U.S. dollars for China to help finance the country's tax reform efforts, according to the World Bank's representative office in Beijing.

The amount will break down into two halves. One, 25 million U.S. dollars in all, will be in hard loan, which will mature in 20 years, including five years of grace, and the other portion will be in soft loans, which will mature in 35 years.

A World Bank representative said that the project will help China develop a new tax administration, improve the capacity for tax policy analysis, perfect the revenue-sharing system introduced last year, improve budgetary processes and practices, increase the efficiency of the tax administration, and promote a more rational distribution of fiscal resources among provinces.

The money will be used to work out procedures for tax administration, establish information systems, pay for tax consultation, carry out personnel training programs, design databases and purchase computer hardware and software, according to the representative.

He also said that the project will be piloted in four cities and, after evaluation, will be expanded to 18 cities nationwide.

Finance Official Addresses Development Committee

OW0405042595 Beijing XINHUA Domestic Service in Chinese 0709 GMT 28 Apr 95

[By reporter Zhai Jingsheng (5049 2529 0581)]

[FBIS Translated Text] Washington, 27 Apr (XINHUA)—On 27 April, during the Development Committee's spring meeting, Vice Finance Minister Jin Renqing pointed out: Stepping up the construction of transportation, electric power, telecommunications, water supply, public health, and other infrastructure facilities is an important precondition for developing countries to accelerate economic development and eliminate poverty, as well as a requirement for them to improve their investment climates and attract international capital.

Jin Renqing said: Construction of infrastructure facilities in low-income developing countries is a long-term and arduous task that, first of all, requires the government to increase investment. Second, the government should conduct policy reform in a timely manner and attach importance and give play to the role of foreign funds in infrastructure construction. He pointed out that the Chinese Government has used about one third of the loans from multilateral financial institutions (primarily the World Bank and the Asian Development Bank) and more than 80 percent of governmental loans directly on infrastructure construction.

Jin Renqing said: Supplying funds for developing countries to build infrastructure facilities has been and should remain the primary task of multilateral financial institutions. China very much appreciates the fact that the World Bank has, for years, regarded directly supporting infrastructure facility construction as one of its major businesses; and also endorses the bank's efforts to explore new business opportunities in this connection, including its efforts to broaden the scope of its mortgage business.

Jin Renqing pointed out that although the total amount of funds channeled to developing countries reached a record level in 1994, official development funds urgently needed by low-income developing countries actually tended to decrease over the last few years. He once again urged the international community to make joint efforts to reverse the trend.

The Development Committee is a ministerial-level joint committee under the World Bank and IMF Council, which serves as the decision-making and guiding organ for the two major international financial institutions.

China Pledges Cooperation With Development Bank

OW0405024795 Beijing XINHUA in English 0217
GMT 4 May 95

[FBIS Transcribed Text] Auckland, New Zealand, May 4 (XINHUA)—The Chinese government will further strengthen its cooperation with the Asian Development Bank (ADB) and its economic and technological cooperation and exchanges with other countries in the Asia-Pacific region.

This was declared today by Chen Yuan, vice governor of the People's Bank of China in his speech to the 28th annual meeting of the ADB.

He said ADB's operations in China, particularly assistance to the backbone projects in the energy, transport and telecommunications sectors have played a significant role in easing the "bottleneck" infrastructure constraints of the economic development.

The gradual shifting of the bank's operational focus from the coastal areas toward the central and western areas is also considered helpful in promoting a more balanced regional development.

"The Chinese economy could not develop without the economic development of the rest of the world and the latter will also benefit from an expanding and booming Chinese economy," he stated.

China's economic development has to be accompanied by the reform and opening to the outside world and objective of the reform is to establish a socialist market economy, Chen told the meeting.

"The Chinese people and the government have full confidence in their ability to overcome all the difficulties in the process of reform and opening to the outside world," he declared.

Official Seeks Early Talks on Replenishing ADF

OW0405025995 Beijing XINHUA in English 0239
GMT 4 May 95

[FBIS Transcribed Text] Auckland, New Zealand, May 4 (XINHUA)—A Chinese bank official today called for prompt action by the Asian Development Bank to arrange discussions and negotiations with donor countries regarding the forthcoming replenishment of the Asian Development Fund (ADF).

Speaking at the ongoing 28th annual meeting of the ADB Board of Governors, Vice-Governor of the People's Bank of China Chen Yuan said that prompt action in this regard is of vital importance in maintaining ADB's role as the most important development financial institutions in the Asia-Pacific region.

But he noted that Asia is still the home of 66 percent of the poor people throughout the world and has a long way to go with poverty alleviation.

Furthermore, most of the Asian countries have to overcome the long-term bottleneck resulting from poor infrastructure and they need the understanding and support of the international community, he said.

"We hope that donor countries will come to the negotiations with such an understanding and conclude an agreement promptly and successfully," Chen urged.

With regard to China, he said China's economic foundations are quite weak with the current per capita GNP remaining at a very low level of only a few hundred US dollars and about 80 million people living below poverty line.

"China's early access to the ADF is an important step in supporting our economic reform and development," he declared.

ADF is an ADB lending arm offering soft loans. Until now, China has not received any funding from the body.

China Urges Developed Countries To Increase Aid

OW0405024695 Beijing XINHUA in English 0202
GMT 4 May 95

[FBIS Transcribed Text] Auckland, New Zealand, May 4 (XINHUA)—China today urged developed countries to

increase their official development aid (ODA) to developing countries to reach the target set by the United Nations as soon as possible.

Addressing the 28th annual meeting of the Board of Governors of the Asian Development Bank (ADB) held here, Chen Yuan, vice governor of the People's Bank of China, noted that official external aid from the developed countries declined year by year over the past few years.

'Exclusive' Interview With Disarmament Envoy

OW0404345695 Beijing XINHUA Domestic Service in Chinese 1410 GMT 2 May 95

[By reporter Li Jianxiong (2621 0256 7160): "Strictly Prevent Nuclear Proliferation and Peacefully Make Use of Nuclear Energy—an Exclusive Interview With Chinese Disarmament Ambassador Sha Zukang"]

[FBIS Translated Text] United Nations, 1 May (XINHUA)—On 1 May, during an exclusive interview by a XINHUA NEWS AGENCY reporter, Chinese Disarmament Ambassador Sha Zukang said: The International Atomic Energy Agency's [IAEA] ensuring surveillance [of nuclear facilities] in accordance with the nuclear Nonproliferation Treaty is conducive to preventing the proliferation of nuclear arms. Meanwhile, the proper rights and interests of all countries, particularly the vast numbers of developing countries, to make peaceful use of nuclear energy should be respected. Double standards must not be adopted to prevent restrictions on and damage to the developing countries' peaceful use of nuclear energy on the excuse of preventing nuclear proliferation.

Sha Zukang said: It is necessary to stress the relationship between ensuring surveillance of and promoting cooperation in the peaceful use of nuclear energy. The prevention of nuclear proliferation should promote the peaceful use of nuclear energy and be helpful in guaranteeing the proper rights of the vast numbers of developing countries to make peaceful use of nuclear energy, and must not become an obstacle to the peaceful use of nuclear energy.

Ambassador Sha Zukang is presently attending a conference in New York that is examining the nuclear Nonproliferation Treaty and discussing its extension. During the conference, which is being held at UN headquarters between 17 April and 12 May, 178 signatory states of the "treaty" are examining and discussing its implementation and will decide on how to extend its validation period.

Sha Zukang said: The surveillance [of nuclear facilities] ensured by the IAEA has become an important integral part of the international nuclear nonproliferation system. It has provided an indispensable guarantee for the fulfillment of the "treaty" over the past 25 years. However, as changes have taken place in the international situation and science and technology has made

progress, the existing system of ensuring surveillance should be further improved. China maintains that adequate attention should be paid to the following three principles when improving the system of ensuring surveillance: 1. Fairness, objectiveness, reasonableness, and transparency. 2. Attention should be paid to avoid affecting the promotion of the peaceful use of nuclear energy. 3. Attention should be paid to looking after the rights and interests of all countries, and measures should be taken to prevent damage either to their political and economic interests or to their safety.

Touching on China's fulfillment of its obligations to ensure surveillance, Sha Zukang said: In 1985, China announced it would voluntarily let the IAEA ensure the surveillance of some of its civilian nuclear facilities. In 1989, China signed an agreement with the IAEA to voluntarily ensure surveillance; submitted to the latter a list of facilities voluntarily offered for it to ensure their surveillance; and established a survey system and a record and report system to accept the IAEA's on-site inspection of facilities.

Sha Zukang said: China observes three principles on its nuclear exports: They are to be used only for peaceful purposes; they must accept surveillance ensured by the IAEA; and their transfer to a third country is prohibited without China's approval. China's nuclear exports are handled by special companies designated by the government, and the export applications are examined and approved, case by case, by relevant government departments. All nuclear materials and facilities exported by China are submitted to the IAEA to ensure their surveillance. China has never exported such sensitive technologies as uranium enrichment and reprocessing and heavy water production.

Touching on how to extend the "treaty," Sha Zukang said: All 116 states participating in the general debates at the conference are in favor of extending the "treaty," but they are divided over whether there should be an indefinite extension or several set periods of extension. The best method is to have all signatory states reach a consensus through broad consultations; otherwise, it will be necessary to put the issue to a vote and have it voted through by simple majority. However, the vote's outcome will affect the authoritativeness of the "treaty" regardless of the number of such a majority vote.

U.S. Proposes May Geneva Talks With DPRK

*OW0405012295 Beijing XINHUA in English 2146
GMT 3 May 95*

[FBIS Transcribed Text] Washington, May 3 (XINHUA)—The United States has offered a proposal to the Democratic People's Republic of Korea (DPRK) that their talks on the nuclear reactor issue begin in mid-May in Geneva, the State Department said here today.

Assistant Secretary of State Robert Gallucci sent a letter Tuesday [2 May] to the DPRK, welcoming its decision to

agree to resume the "political level talks," State Department Spokesman Nicholas Burns told reporters at a news briefing.

"We have proposed that the talks begin in mid-May in Geneva or another mutually acceptable location," Burns said.

"We are awaiting a response from North Korea to Ambassador Gallucci's letter," he added.

Gallucci plans to visit Seoul and Tokyo next week to consult with South Korea and Japan before these talks take place.

But Burns denied that Gallucci's visits indicate that the United States "is going to be proposing new features to these discussions."

Except where and when the talks begin, the spokesman stressed, "We don't have any substantive issues to resolve before these talks can take place."

The negotiations between the U.S. And the DPRK broke down in Berlin on April 20 when the U.S. Insisted on using South Korean-model lightwater reactors to replace the DPRK's gas graphite reactor.

The DPRK notified the U.S. On Monday that it agreed to hold higher level talks with the United States.

U.S.-ROK-Japan Talks on DPRK Scheduled

*OW0405012395 Beijing XINHUA in English 1730
GMT 3 May 95*

[FBIS Transcribed Text] Seoul, May 3 (XINHUA)—South Korea, the United States and Japan will hold talks early next week on strategies for the forthcoming U.S.-DPRK talks, a senior Foreign Ministry official said here today.

The consultations will be attended by Choe Tong-chin, Secretary-general of the Office of Planning for the Light-water Reactor Project of South Korea, Tetsuya Endo, Ambassador in Charge of Nuclear Affairs of Japan and U.S. Ambassador-at-large Robert Gallucci, the official said.

He did not disclose the place of the three-day meeting.

Gallucci and Vice Foreign Minister Kang Sok-chu of the Democratic People's Republic of Korea (DPRK) are expected to hold talks later this month in an effort to break the impasse since the Washington-Pyongyang expert-level talks broke down in Berlin on April 20.

The Berlin talks focused on who should supply two 1,000 megawatt light-water reactors promised to the DPRK in return for freezing its nuclear program under the Geneva framework agreement signed by Washington and Pyongyang last October.

The United States asked the DPRK to accept South Korean-made standard light-water reactors, but Pyongyang wanted U.S.-made reactors even though it

would allow South Korea to play a supporting role in the construction of the nuclear plants.

The official said that Gallucci and Kang will talk about the type of light-water nuclear reactors to be provided to the DPRK, resumption of inter-Korean dialogue and implementation of the denuclearization of the Korean Peninsula.

They will also discuss the exchange of liaison offices between the U.S. And DPRK capitals and further relaxation of economic sanctions imposed by Washington on the DPRK.

UN Asks Bosnian Serbs To Abide By Agreement

OW0405012195 Beijing XINHUA in English 2123
GMT 3 May 95

[FBIS Transcribed Text] United Nations, May 3 (XINHUA)—The UN Security Council on Wednesday [3 May] asked the Bosnian Serbs to comply with a 1992 agreement on reopening Sarajevo airport under UN Authority.

The Council issued a presidential statement at a formal meeting in response to the recent suspension of the humanitarian relief airlift and restrictions on the use of the airport by official missions.

"The Security Council is deeply concerned about the obstruction of the normal operation of Sarajevo airport, including the suspension of the humanitarian relief airlift, caused by Bosnian Serb threats against United Nations aircraft and humanitarian relief flights, and by any attempts to impose restrictions on the use of Sarajevo airport by official missions as foreseen in the 5 June 1992 agreement," said the statement.

The Council said such obstruction is in breach of the 1992 agreement.

"It calls upon the Bosnian Serb party to guarantee the safety of all UNPROFOR supervised flights to Sarajevo, including humanitarian relief flights," said the statement.

The June 5, 1992, agreement was signed by the Bosnian parties to reopen Sarajevo airport under United Nations authority and with UNPROFOR (UN Protection Force in the Former Yugoslavia) help.

Calls For Extended Cease-Fire

OW0405005795 Beijing XINHUA in English 2144
GMT 3 May 95

[FBIS Transcribed Text] United Nations, May 3 (XINHUA)—The UN Security Council on Wednesday [3 May] called upon the Bosnian government and local Serb authorities to agree, without delay, to a further cease-fire and a complete cessation of hostilities.

In a statement by French Ambassador Jean-Bernard Merimee, president of the Council for the month, the

Council expressed concern about the failure of the two parties to agree to an extension of the agreements on a cease-fire and a complete cessation of hostilities in the republic and the recent deterioration of the situation there.

Stressing once again the unacceptability of all attempts to resolve the conflict by military means, the Council urged both parties to abstain from any steps which may lead to further escalation of the conflict and reaffirmed the need for a political settlement on the basis of the acceptance of the Contact Group plan as a starting point.

A temporary cease-fire agreement between the two parties expired on May 1, but the Bosnian government and local Serb authorities had not reached agreement on its extension. The Council issued the statement for fear of resumption of the three-year-old war in the country.

United States & Canada

'Special Article' on Qian-Christopher Talks

HK0405054695 Hong Kong WEN WEI PO in Chinese
19 Apr 95 p A2

[“Special article” by Washington-based special reporter Chu Hsing-fu (2612 1630 4395): “Chinese and U.S. Foreign Ministers Seek Common Ground While Reserving Differences—Roundup on Talks Between Qian Qichen and Christopher”]

[FBIS Translated Text] Washington, 18 Mar—Chinese Vice Premier and Foreign Minister Qian Qichen held two hours of talks with U.S. Secretary of State Warren Christopher at the United Nations yesterday. The two sides exchanged views on bilateral issues, and on regional situations of common concern. Although the Chinese foreign minister and his U.S. counterpart had relatively great differences over the issues of Iran and human rights, they had shared views on the resolution of DPRK nuclear issue and others. U.S. officials are of the view that while no major progress has been achieved on some controversial issues in the talks, the keynote of the talks as a whole is “positive.”

China Rejects U.S. Demand

The United States called on China to give up its plan to conduct nuclear cooperation with Iran, which was stressed by Christopher in the talks. According to the U.S. side, China is negotiating with Iran on selling two 300 megawatt-pressureized-water reactors and other related technology to Iran. Claiming that Iran is secretly developing a nuclear weapons program, the United States held that because Iran has plenty of petroleum and is not short of electricity, it is not necessary for Iran to build nuclear reactors. Iran has ulterior motives for developing nuclear reactors. This is very dangerous.

Foreign Minister Qian Qichen, however, rejected Christopher's demand in the talks. Qian Qichen said: The nuclear cooperation between China and Iran is for

peaceful purposes. This cooperative project is strictly monitored by the International Atomic Energy Agency, and it fully meets the standards stipulated in the Nuclear Non-proliferation Treaty [NPT]. At a joint press conference held yesterday by Christopher and Qian Qichen, a Western reporter asked Foreign Minister Qian: Did you agree with Christopher's stand in the talks? That is, is it dangerous for China to conduct nuclear cooperation with Iran? Qian Qichen replied: China also has nuclear cooperation with some other countries, but all of these activities are legitimate because they comply with international treaties.

The United States Also Sets a Demand on Russia

It is reported that China began limited nuclear cooperation with Iran in 1990. That year, China signed a 10-year technological and scientific cooperation agreement with Iran. Two years later, according to the agreement, China agreed in principle to provide a nuclear power plant for Iran, and began helping Iran set up a small reactor in Isfahan for research purposes. At the same time, it helped Iran train some technological personnel. As Iran is an NPT signatory, all its activities are carried out under the eyes of the International Atomic Energy Agency. As such, there is no need for the United States to worry.

Christopher pointed out at yesterday's press conference: The United States' call for China to abandon the nuclear cooperative program with Iran is not directed against China alone. Instead, it calls on all countries to stop nuclear cooperation with Iran. The United States recently has adopted both hard and soft tactics to force Russia to give up a \$1 billion nuclear cooperative contract it signed with Iran. According to this contract, Russia is to help Iran build two light-water reactors similar to those the United States will help the DPRK to build. However, the U.S. demand was firmly opposed by Russia. Russia is of the view that the United States allows only itself to provide nuclear reactors to other countries, but does not allow other countries to provide the same reactors. This is totally unreasonable.

Owing to the strained relations between the United States and Iran, the United States always holds a skeptical attitude toward any move on the part of Iran. To convince China to abandon the nuclear cooperative program with Iran, during Chinese Vice Foreign Minister Liu Huaqiu's visit to Washington last week a senior official of the U.S. State Department deliberately showed the Chinese side some secret intelligence concerning Iran's plan to develop nuclear weapons. Liu Huaqiu's visit was aimed at paving the way for the meeting between Qian Qichen and Christopher. According to the U.S. intelligence, Iran has bought enriched uranium used to manufacture nuclear weapons from the former Soviet republics, including Kazakhstan, and has imported major equipment for the manufacture of nuclear weapons from Europe. Iran is using smuggled nuclear technology and procedures to develop nuclear weapons.

Strained Relations Between the United States and Iran

It is unreasonable for the United States to unilaterally demand that China give up such a peaceful plan while failing to convince Russia to abandon the costly contract it signed with Iran. It will only arouse serious discontent among other Third World countries. Therefore, China and the United States agree to leave this issue for the experts of the two countries to discuss this summer.

The United States all along has taken Iran as a terrorist country and is worried that from now on Iran will develop nuclear weapons with the aim of practicing nuclear terror against the United States. People have said that in the 1980's, the United States sank two Iranian warships and brought down Iranian military planes. This U.S. move may have prompted Iran to strengthen its strategic defense strength. Therefore, if Iran is currently developing nuclear weapons as the United States has said, it probably is out of considerations of national defense strategy. At least, from now on, the United States will have to think three times when making decisions to launching military raids on Iran.

China Supports DPRK To Freeze Nuclear Weapons

Apart from the Iran issue, Qian Qichen and Christopher also discussed how to implement the U.S.-DPRK nuclear agreement. On this question, U.S. officials felt that China has adopted a very cooperative attitude. China supports the peace efforts of both the United States and the DPRK, as well as the DPRK's move to freeze its nuclear weapons development plan. Moreover, the foreign ministers of the two countries also discussed issues including human rights and the World Women's Conference in Beijing. The talks held yesterday between Qian Qichen and Christopher are part of the long-term regular meetings between the foreign ministers of the two countries.

After the two-hour meeting concluded, an official of the Chinese Foreign Ministry said: The meeting was "positive and useful." Like previous meetings, it will promote improvement and development in Sino-U.S. relations.

Minister Meets U.S. Pacific Fleet Commander

HK0405045395 Fuzhou Fujian People's Radio Network
in Mandarin 2300 GMT 28 Apr 95

[FBIS Translated Text] On 28 April, General Chi Haotian—member of the Central Military Commission, state councillor and defense minister—met with Admiral Dick Macke, commander of the U.S. Pacific Fleet, and his entourage in Fuzhou's Xihu Hotel. Host and guest had cordial and friendly talks at the meeting. Both sides agreed that the development of friendly relations between the two countries and between the two military forces of China and the United States is in the interests of stability in the Asia-Pacific region, and in the interests of world peace. They hoped that more exchanges and cooperation will be carried out in wider areas and more fields in order to promote peace and development.

General Gu Hui, commander of the Nanjing Military Region; Major General Gan Maohai, deputy director of the Foreign Affairs Office of the Ministry of National Defense; Rear Admiral You Yonggui, commander of the naval force in Fujian Province; and Rear Admiral Jiang Wenyi, chief of staff of the naval force in Fujian; also attended the meeting.

Hubei, Ohio Expand Scientific Cooperation

OW0305155495 Beijing XINHUA in English 1536
GMT 3 May 95

[FBIS Transcribed Text] Wuhan, May 3 (XINHUA)—A scientific and technological co-operation agreement was signed here today by Governor of central China's Hubei Province Jiang Zhuping and George V. Voinovich, governor of the US state of Ohio.

In accordance with the agreement, Hubei and Ohio will co-operate in laser processing, welding, new polymer materials technology and application, and biological technology.

Hubei forged friendly relations with Ohio in October 1979.

To date, four joint ventures between the two have been set up in Hubei.

Since 1980 Hubei has held six export commodity fairs in Ohio with deals worth 91 million US dollars. For its part, Ohio has held three commodity fairs in Hubei.

Under the auspices of the Ohio State Government, the Wuhan City Telecommunications Bureau has imported automatic telephone switchboards from AT&T of the United States.

During his stay in Hubei, Governor Voinovich will also discuss co-operation in such industries as power, food-stuffs processing, plastics, electronics and machinery.

Canadian Airlines Reports 'Success' in Operations

OW0205142595 Beijing XINHUA in English 1405
GMT 2 May 95

[FBIS Transcribed Text] Beijing, May 2 (XINHUA)—The China operations of Canadian Airlines International (CAI) have achieved great success since it resumed its routes to China last May, announced Ian Bootle, visiting vice-president of the company, here today.

"We are encouraged by the growing demand for travel, both into and out of China," said Bootle.

He attributed the success to Canadian Prime Minister Jean Chretien's visit to China last November, with a 300-strong Canadian businessmen delegation. It paved the way for further promoting economic cooperation and the development of trade between China and Canada, he noted.

CAI opened its Vancouver-Shanghai and Vancouver-Beijing air routes in 1986 and 1989, respectively, but both were suspended in 1989.

It resumed its China operations last May. Since then, air service has expanded from two to three flights per week, increasing its total capacity by 50 percent.

In this period, load factors have averaged 65 percent in economy class travel and 75 percent in business class.

At the same time, the CAI has undertaken a rapid expansion program, with the opening of new facilities in Beijing and Shanghai, the capital and the largest economic center of the country, respectively.

Bootle said that a new air route from China to Vancouver, taking just ten hours, will be opened this month.

Northeast Asia

Reportage on Murayama Visit Continues

Holds Talks With Li Peng

OW0305142195 Beijing XINHUA Domestic Service in Chinese 0838 GMT 3 May 95

[By reporter Wen Jihua (2429 4949 5478)]

[FBIS Translated Text] Beijing, 3 May (XINHUA)—Premier Li Peng held talks with visiting Japanese Prime Minister Tomiichi Murayama in the Great Hall of the People this morning. During the talks, which lasted two and half hours in a friendly, candid, and sincere atmosphere, the two sides exchanged views in a comprehensive and profound way on bilateral relations and other global and regional issues of common interest.

Premier Li Peng said he was very happy to meet with Prime Minister Murayama in Beijing again so soon after their Copenhagen meeting. Li Peng said that, generally speaking, Sino-Japanese relations are good, and China regards the maintenance and development of Sino-Japanese friendship and cooperation as an important part of its diplomatic work. He said: Both China and Japan are important Asian countries. Both countries should display a forward-looking spirit, look to the 21st century, and protect and develop the relations of good-neighboringhood, friendship and mutually beneficial cooperation. This not only conforms to the fundamental interests of both the Chinese people and the Japanese people, but is also conducive to peace, stability, prosperity and development in this region and in the world as a whole.

Li Peng said: The economic cooperation and trade between China and Japan are maintaining their momentum. With steady growth, China's economy is showing a great market potential. We can foresee an even greater development in Sino-Japanese economic and trade cooperation. He hopes that the two sides will make concerted efforts, seize the current opportunity, promote

the participation by large enterprises of both countries, and make new progress in bilateral economic cooperation and trade. Li Peng pointed out that the continuous appreciation of the Japanese yen has added to the burdens of debtor nations in debt repayment. He hopes that the Japanese Government will pay attention to this problem and seek a reasonable solution to it.

Prime Minister Murayama said: In the 23 years since the normalization of diplomatic relations between Japan and China, the bilateral relations have developed rapidly, thanks to concerted efforts made by both sides, and the rapid development has determined the friendly and cooperative relations between the two countries. The Japanese side heartily rejoices at the rapid development of bilateral relations. Japan is willing to join China in looking to the 21st century and in working hard together for peace and development in the Asia-Pacific region. Murayama expressed his understanding of the problem put forward by Premier Li Peng.

On the history of World War II, Murayama said: Japan's aggressive actions and colonial rule brought suffering to China and other Asian countries, for which Japan has engaged in deep introspection. Japan is ready to take the 50th anniversary of the ending of WWII as a new starting point, and is determined to pursue a path of peaceful development and never seek to be a military power. It is also determined to establish long-term, stable and friendly relations with China, based on the Japan-China Joint Statement and the Treaty of Peace and Friendship between the two countries.

Li Peng expressed his appreciation for Murayama's comments on the history of Japan's aggression against China. Li Peng said: The war of aggression against China launched by Japanese militarism brought the Chinese people grave sufferings. We should always remember this tragic lesson and take warning from it. "Past experience, if not forgotten, is a guide to the future." It is wise for Japan to choose not to be a military power. However, there do exist in Japan some dissenting voices when it comes to properly evaluating the history of the war of aggression. This shows that there indeed exist militarist forces in Japan. For this reason, efforts must be made to put this erroneous tendency in check so as to avoid following the same disastrous road of history and to make the people of the two countries live in friendship from generation to generation.

Speaking of the Taiwan issue, Li Peng said: Correctly handling the Taiwan issue is a major matter of principle in bilateral relations. We hope that Japan will proceed from the overall interests of safeguarding Sino-Japanese friendship and deal properly with the Taiwan issue in accordance with the principles of the joint statement on the establishment of diplomatic relations between the two countries. As the host country of this year's Asia-Pacific Economic Cooperation [APEC] forum's informal leadership meeting, Japan should strictly follow the

model of Seattle, and Bogor, Indonesia in dealing with Taiwan personnel's participation, to ensure smooth progress of the meeting.

Murayama said: I can specifically state that Japan, based on the joint statement, will confine its relations with Taiwan to an unofficial framework and will not go in for "two Chinas." On the question of Taiwan personnel's participation, the Osaka meeting will follow the Seattle and Bogor model.

Speaking of the nuclear issue on the Korean peninsula, Li Peng indicated: China is extremely concerned about the situation on that peninsula and hopes to maintain peace and stability there. Regarding some twists and turns in the nuclear talks, we believe a solution can be found sooner or later so long as all parties directly involved remain sober-minded and continue the dialogue. We are pleased to see that negotiations between the DPRK and the United States will resume, and we hope the negotiations are successful. Murayama indicated that Japan also advocates resolving differences and implementing the U.S.-DPRK framework agreement through dialogue.

During the talks, the two sides also briefed each other on their foreign policies and exchanged views on the international and Asia-Pacific region's situation, Asia-Pacific economic cooperation and security dialogue, nuclear disarmament, and UN reform issues.

Prime Minister Murayama invited Premier Li Peng to visit Japan. Li Peng thanked him for the invitation and indicated his willingness to visit Japan at a time convenient to both sides. Specifics will be decided by the two countries' diplomatic departments.

Before the talks, Premier Li Peng held a ceremony at the East Plaza of the Great Hall of the People to welcome Prime Minister Murayama. Murayama arrived in Beijing last night for a five-day official goodwill visit to China at Li Peng's invitation.

Restates 'Remorse' for WWII

OW0305130795 Tokyo KYODO in English 1248 GMT
3 May 95

[By Takehiko Kajita]

[FBIS Transcribed Text] Beijing, May 3 KYODO—Japanese Prime Minister Tomiichi Murayama on Wednesday restated his commitment to world peace based on his remorse for Japan's atrocities in China and other Asian countries as this year marks the 50th anniversary of the end of World War II.

"I recognize anew that Japan's actions at one time in our past history, including aggression and colonial rule, caused unbearable suffering and sorrow for many people in your country and other Asian neighbors," a senior Japanese official quoted Murayama as saying.

Murayama, who arrived in China on Tuesday for a five-day stay, also said in separate meetings with Premier Li Peng and President Jiang Zemin, "I intend to make every effort to build world peace," Deputy Chief Cabinet Secretary Hiroyuki Sonoda told reporters.

Both Li and Jiang denounced Japan's militarists for their victimization of China in the 1930s and 1940s but assured Murayama that China intends to enhance bilateral ties with Japan for the future, Sonoda said.

In a symbolic gesture to China, the Japanese leader on Wednesday visited the Marco Polo Bridge, the site of the 1937 clash that triggered war between Japan and China. Murayama became the first Japanese premier to visit the site, located just outside Beijing.

On July 7, 1937, Japanese and Chinese troops exchanged fire near the bridge, sparking an eight-year war between the two countries.

Murayama sought Beijing's cooperation in helping bring to a successful conclusion an informal summit of the Asia-Pacific Economic Cooperation (APEC) forum slated for Osaka in November.

Li and Jiang promised China will pitch in. But Li expressed concern about who will represent Taiwan at the Osaka forum, saying Beijing will not allow any top Taiwanese officials other than an economic minister to take part.

Murayama responded Tokyo will follow the protocol adopted at the APEC meetings in Seattle in 1993 and in Bogor, Indonesia, in 1994, which, due to Beijing's insistence, did not offer invitations to the "regional" leaders of Taiwan or Hong Kong, Sonoda said.

Murayama also reiterated Japan will continue to limit its contacts with Taiwan to nongovernmental activities such as trade and tourism in accordance with the 1972 joint declaration that restored ties with China, and will not adopt a "two Chinas" policy.

Tokyo switched its diplomatic relations from Taipei to Beijing in 1972. As China regards Taiwan as a renegade province, Japan recognizes Beijing as the only legitimate government of China.

On the international front, the Japanese leader urged a more active Chinese role in helping implement a framework nuclear accord signed between the United States and North Korea last October. Beijing is the sole remaining major ally of Pyongyang.

While hailing the anticipated resumption around mid-May of stalled U.S.-North Korea nuclear talks, Li was quoted as saying China is ready to play its part if necessary, adding North Korea should not be ostracized internationally.

Murayama also pressed China to halt its nuclear testing program, help conclude a comprehensive test ban treaty

at an early date and support an indefinite extension of the Nuclear Nonproliferation Treaty.

but the Chinese side did not give a clear-cut answer to the Japanese call for a halt to its nuclear tests, among other things, Sonoda said. Despite Japan's protests, China conducted two nuclear experiments last year and is expected to stage another five later this year.

Murayama, the first Japanese premier to visit China since former Prime Minister Morihiro Hosokawa in March 1994, sought a peaceful settlement of a dispute over the Spratly Islands too.

China sounded optimistic about a resolution of the row over the Spratlys—a chain of potentially oil-rich islands, reefs and atolls claimed wholly or in part by China, Taiwan, Vietnam, the Philippines, Malaysia and Brunei, according to Sonoda.

Murayama and Li saw eye to eye on the need to revamp the United Nations, especially its Security Council. But Li did not directly support Tokyo's aspirations to obtain a permanent seat in the powerful UN Council, which currently comprises the five acknowledged nuclear powers—Britain, China, France, Russia and the U.S.

Murayama also compared notes on a wide range of economic issues such as China's plight over its debt burden from Japan's official low-interest loans, the repayment costs of which have swollen with the yen's 20 percent rise against the U.S. dollar this year.

Murayama reiterated Japan's backing for early Chinese entry to the World Trade Organization, a global trade watchdog that replaced the General Agreement on Tariffs and Trade (GATT) in January this year.

He will also travel to Xian and Shanghai before returning home Saturday.

Talks With Li 'Candid'

OW0305131195 Beijing XINHUA in English 1254
GMT 3 May 95

[FBIS Transcribed Text] Beijing, May 3 (XINHUA)—Chinese Premier Li Peng and visiting Japanese Prime Minister Tomiichi Murayama agreed here today that the two countries will continue to work for good neighborly relations and mutual benefit, and continue them into the 21st century.

In two-and-a-half hours of talks at the Great Hall of the People here this morning, the two prime ministers exchanged views on global and regional issues of common interest in a "friendly and candid" atmosphere, Chinese Foreign Ministry sources said.

Li Peng, who met Murayama not long ago in Copenhagen, Denmark, voiced his pleasure at meeting again with the Japanese prime minister here in Beijing.

Li said that Sino-Japanese relations are good on the whole and that this country views maintaining and

developing the friendship and cooperation between the two countries as a major part of its foreign relations.

"As two of the important countries in Asia, China and Japan should adopt a forward-looking attitude, looking beyond this century, and safeguarding and developing good-neighborly and mutually-beneficial ties of cooperation," the Chinese premier said.

"This not only conforms with the fundamental interests of the two peoples, but also benefits peace, stability, prosperity, and development of the region and other parts of the world," he added.

Economic and trade cooperation have maintained their momentum, Li noted. Sustained economic growth in China shows its huge market potential, and more growth in Sino-Japanese economic and trade cooperation is expected.

The Chinese premier expressed the hope that both sides will seize the opportunity, prompt the involvement of the other country's large businesses, and bring bilateral economic and trade cooperation to a new stage.

Owing to the increasing appreciation of the Japanese yen, some debt-ridden countries have even greater burdens. Li expressed the hope that the Japanese Government will pay special attention to seeking a suitable way out of this problem.

For his part, Prime Minister Murayama said that Sino-Japanese relations have made much headway since their normalization some 23 years ago, and friendly, cooperative relations have materialized, with which the Japanese side is satisfied.

Japan is willing to join China's efforts, look beyond this century, and work for peace and development in the Asia-Pacific region, Murayama said. He also expressed his understanding of Li's remarks about the yen problem.

Discussing the Second World War, Murayama said that Japan's aggressive actions and colonial rule brought suffering to China and other Asian countries, for which, his country has engaged in deep introspection.

Japan is ready to take the 50th anniversary of the ending of World War II as a new starting point, and is determined to pursue a path of peaceful development and never seek to be a military power, he said.

He added that his country hopes for long-term friendly ties with China, based on the Japan-China Joint Statement and the Treaty of Peace and Friendship between the two countries.

Li expressed his appreciations for Murayama's comment. The war of aggression against China launched by Japanese militarism brought the Chinese people grave sufferings, and this lesson should always be remembered, he said.

"Past experience, if not forgotten, is a guide to the future," and it is wise for Japan to choose not to be a military power, Li said.

However, there do exist in Japan some dissenting voices when it comes to properly evaluating the history of the war of aggression, Li said. Efforts must be made to put this erroneous tendency in check so as to avoid following the same disastrous road. The people of the two countries should live in friendship from generation to generation, Li added.

On the issue of Taiwan, Li said that the proper handling of the issue constitutes a matter of principle in bilateral relations.

"We hope that Japan will proceed from the overall interests of maintaining the friendly Sino-Japanese relations, and deal properly with the Taiwan issue in accordance with the principles of the joint statement on the establishment of diplomatic relations between the two countries," he said.

As host country of this year's informal APEC Leadership meeting, Japan should strictly follow the Seattle and Bogor model in dealing with Taiwan participants, Li said.

Murayama told Li that Japan would proceed from the Japan-China Joint Statement, confine its relations with Taiwan to an unofficial framework, and not go in for the concept of "Two Chinas." Osaka will follow Seattle and Bogor in dealing with participants from Taiwan, Murayama added.

On the nuclear issue on the Korean Peninsula, Li said that China is concerned about the situation in that peninsula and hopes for maintaining peace and stability.

Despite the fact that the nuclear talks have had their twists and turns, the Chinese premier voiced the belief that a solution can be found so long as all parties involved keep sober-minded and continue the dialogue. He also expressed the hope that the talks will bear fruit.

Japan also holds the belief that the issue can be solved through dialogue and that a framework agreement between the U.S. and the Democratic People's Republic of Korea on the nuclear issue can be implemented, Murayama said.

During the talks, the two sides also briefed each other on their foreign policies.

Prior to the talks, Li Peng held a ceremony at a plaza east of the Great Hall of the People to honor Murayama, who arrived here yesterday evening for a five-day official, friendly visit to China.

Meets With Jiang Zemin

OW0305133195 Beijing XINHUA in English 1315
GMT 3 May 95

[FBIS Transcribed Text] Beijing, May 3 (XINHUA)—Chinese President Jiang Zemin and Japanese Prime

Minister Tomiichi Murayama met here today, with both sides expressing the desire to look to the future and strive for a sustained, steady and healthy growth of bilateral relations.

Jiang, recalling his meeting with Murayama in Jakarta last December, said he was very pleased to meet the Japanese prime minister again here.

"This morning, Chinese Premier Li Peng held talks with Murayama on bilateral relations and international issues of mutual interest, and the two sides reached understandings on quite a number of issues. The talks have enhanced mutual understanding and friendship," Jiang said.

In the afternoon, Murayama laid wreath at the Monument to the People's Heroes and the Memorial Hall of the War of Resistance Against Japanese Aggression.

Jiang described the visit as "fruitful," and expressed the belief that "it will produce a positive impact on the further development of Sino-Japanese relations."

Murayama said he puts great emphasis on Japan-China relations and that his current visit, which coincides with the historic 50th anniversary of the end of the Second World War, is aimed at establishing friendly relations between the two countries for the next century.

The visit to the Memorial Hall provided him with a chance to review history, Murayama said.

Japan is willing to engage in deep introspection of that period of history, which inflicted tremendous sufferings on the Chinese people, proceed to promote Japan-China ties and make efforts for the peace in the Asia-Pacific region, he said.

Jiang noted that the aggressive war against China launched by Japanese militarists brought about enormous sufferings for the Chinese people, and the Japanese people as well.

"We should always keep this bitter period of history in mind, and make joint efforts to prevent any repeat of that historic tragedy," Jiang said.

"Past experience, if not forgotten, is a guide for the future. I believe the majority of the Japanese people can appraise properly that period of history," Jiang added.

This year marks the 50th anniversary of the ending of the War of Resistance Against Japanese Aggression, and China will hold a host of commemorative activities so as to express its intention to enhance patriotism, oppose wars and maintain peace, he said.

China also hopes that Japan will take advantage of this opportunity, review and draw lessons from history, educate the young and lead public opinion with a correct concept of history, Jiang stressed.

"This, I believe, will be beneficial to the sound development of our relations, to eternal friendship between the

two peoples, and to the realization of a real rapprochement between Japan and the other Asian countries," Jiang said, adding that this is also in the long-term and fundamental interests of Japan itself.

During the meeting, Jiang also briefed the Japanese prime minister on China's reform and opening up, and economic growth.

Murayama extended an invitation to Jiang to visit Japan. Jiang expressed his gratitude for the invitation.

More on Jiang Zemin Meeting

OW0405011695 Beijing XINHUA Domestic Service in Chinese 1256 GMT 3 May 95

[By reporter Wen Jihua (2429 4949 5478)]

[FBIS Translated Text] Beijing, 3 May (XINHUA)—On 3 May, President Jiang Zemin met with visiting Japanese Prime Minister Tomiichi Murayama and his party at Zhongnanhai. During their sincere and friendly talks, they both expressed the desire to gear to the future and strive for a long-term, steady, and healthy growth of Sino-Japanese bilateral relations.

President Jiang Zemin warmly welcomed Prime Minister Murayama on his visit to China. He commented on the rewarding talks on bilateral relations held with Prime Minister Murayama in Jakarta in December 1994, and was very pleased to meet Murayama again in Beijing. Jiang Zemin said, "This morning, Premier Li Peng held talks with Your Excellency on bilateral relations and international issues of mutual interest, and the two sides reached understandings on many issues. The talks have enhanced mutual understandings and friendship. In the afternoon, Your Excellency laid wreaths at the Monument to the People's Heroes and visited the Luguoqiao [Marco Polo Bridge] Chinese People's Memorial Hall of the war of resistance against Japan. The programs of Your Excellency's visit to China have been substantial and fruitful. I believe the visit will have a positive impact on further developing Sino-Japanese relations."

Murayama pointed out that he attaches great importance to Japanese-Chinese relations. His objectives of choosing to visit China during the historic 50th anniversary of the end of the World War II are to establish friendly Japanese-Chinese relations for the next century. He said: "I have just visited the Marco Polo Bridge and reviewed history. Japan is willing to engage in deep introspection of that historic period, which inflicted tremendous sufferings on the Chinese people, proceed to promote Japanese-Chinese friendship, and make efforts to safeguard peace in the Asia-Pacific region."

Jiang Zemin said: The aggressive war against China previously launched by Japanese militarists brought along enormous sufferings for the Chinese people, and for the Japanese people as well. China and Japan should always remember this bitter period of history and make joint efforts to prevent any recurrence of that historic

tragedy. He said, "Past experience, if not forgotten, is a guide for the future." I believe most Japanese people can correctly appraise that historic period. I also take note of the earlier remark made by the Japanese prime minister himself."

Jiang Zemin said: This year marks the 50th anniversary of the ending of the war of resistance against Japan. China will hold a series of commemorative activities to express the Chinese people's fine aspirations to cherish the motherland, oppose wars, and safeguard peace. China sincerely hopes that Japan will make use of this rare opportunity; earnestly review, summarize, and draw useful lessons from the past historic period; and apply a correct concept of history to educate future generations and guide public opinion. He said, "I believe such measures will be conducive to facilitating a healthy development of Sino-Japanese relations, to enhancing friendship between the Chinese and Japanese people for generations, and to truly reconcile Japan with other Asian countries. Furthermore, such measures also suit the long-term and fundamental interests of Japan itself."

During the meeting, Jiang Zemin also briefed the guests on China's reform, opening up to the outside world, and economic development.

Prime Minister Murayama invited President Jiang Zemin to visit Japan. Jiang Zemin expressed his gratitude for the invitation.

Li Peng Hosts Banquet

OW0305134895 Beijing XINHUA in English 1312
GMT 3 May 95

[FBIS Transcribed Text] Beijing, May 3 (XINHUA)—Chinese Premier Li Peng hosted a banquet in honor of his guest, Japanese Prime Minister Tomiichi Murayama, at the Great Hall of the People here this evening.

Murayama's entourage, including his daughter Yuri Nakahara, were present at the banquet.

Premier Li's wife Zhu Lin, Chinese Vice-Premier and Foreign Minister Qian Qichen, and officials from some Chinese government departments and friendship organizations were also present.

Tours Battle Memorial Hall

OW0305133595 Beijing XINHUA in English 1318
GMT 3 May 95

[FBIS Transcribed Text] Beijing, May 3 (XINHUA)—Visiting Japanese Prime Minister Tomiichi Murayama expressed his determination to work for peace after visiting the Memorial Hall of the War of Resistance Against Japanese Aggression in the southwestern Beijing here today.

The hall is near the Marco Polo Bridge, where the eight-year Chinese resistance war against Japanese aggression started on July 7, 1937.

Murayama is the first Japanese prime minister ever to come here, at a time when there is an increasing dispute inside Japan over the nature of the Japanese aggression in the Second World War.

Asked by Japanese correspondents about his feelings after viewing the exhibits, Murayama said that, on the 50th anniversary of the Second World War, "I have come to the Marco Polo Bridge, which is one of the symbols of the war that caused a great loss for the Chinese people. It has reminded me of the past and strengthened my determination to work for peace."

Murayama wrote in the visitors' book: "Face history and wish for Japan-China friendship and everlasting peace."

The head of the Chinese Government Reception Committee and Minister in Charge of the State Education Committee Zhu Kaixuan and President of the Memorial Hall Zhang Chengjun accompanied Murayama on his tour of the hall.

In his welcoming speech, Zhang said that this year is the 50th anniversary of the War of Resistance Against Japan and the world anti-fascist war. Past experience, if not forgotten, is a guide for the future, in the spirit of which the staff of the hall sincerely hope that the common aspiration for Sino-Japanese friendship for generations can be realized.

He continued that the hall, which was completed on July 7, 1987, is aimed at "cherishing the memory of our martyrs, educating future generations, resisting war and safeguarding peace." He added that the hall has received a total of over six million domestic and overseas visitors, including more than 100,000 from Japan.

Zhang conducted Murayama around the exhibits in succession—from the beginning of Japanese large-scale military aggression, starting September 18, 1931, to its overall military aggression on July 7, 1937, to China's victory in the war, as well as to the normalization of Sino-Japanese relations in 1972.

When briefing Murayama on the normalization and development of bilateral relations after the visit by former Japanese Prime Minister Tanaka Kakuei in 1972, Zhang said that China and Japan, two neighbors separated only by a strip of water, enjoy a long history of friendship.

"Through this exhibition, we tell people, especially the younger generations, not to forget the history of the invasions of our country so as to prevent a repetition of our tragic history," Zhang explained.

"At the same time, the exhibition is to let people learn from history, and treasure peace and Sino-Japanese friendship, so as to cement the friendship between the two peoples from generation to generation," he said.

Also this afternoon, Murayama laid a wreath at the Monument to the People's Heroes in Beijing's Tiananmen Square.

Holds News Conference

OW0405083795 Tokyo NHK General Television
Network in Japanese 0215 GMT 4 May 95

[Statement read by Prime Minister Murayama at his news conference at the Shangri-la Hotel in Beijing—live]

[FBIS Translated Text] Good morning. First, I would like to say a few things about my visit to China. I have come to China at the invitation of the Chinese Government, and I have been given heartfelt welcome.

Yesterday, I had frank and effective exchanges of views with President Jiang Zemin, Premier Li Peng, and other Chinese leaders on an extensive range of issues. It was very meaningful that I was able to reconfirm with the Chinese leaders that Japan and China, which have big responsibilities in ensuring prosperity and peace in Asia and the Pacific region, agree they should further deepen their mutual understanding and mutual trust toward the 21st century, and should cooperate to bring peace not only to this region but also to the world.

I am now leaving for Xian, which has close historical ties with Japan. I will have a chance there to personally see and feel China's long history. I will reminisce about the friendly relations Japan and China used to have. Then I will visit Shanghai, the forefront of places where one can witness China's reform and open door policy in action. There I hope to see with my own eyes actual scenes of China growing dramatically.

Now, I would like to take this opportunity to explain my thinking about Japan's role as a member of Asia in helping this region tackle and resolve its issues. With the Cold War over, many nations have come to adopt the improvement of their people's living standards as their top national goal. In Asia, the workings of a market economy, which puts individual peoples' creativity and efforts to their best uses, have been particularly remarkable. The region is now drawing everyone's attention as a world growth center.

Last summer, I toured ASEAN nations and Vietnam. I was impressed by the encouraging economic developments there. This time, after seeing the vitality-filled towns of Beijing, I was able to personally see once again the new wave in Asia. Many people of Asia are full of hope that they will be able to live more freely, more democratically, and more abundantly this year than last year and more so next year than this year. I think our task is to make these hopes realistic and to put them on a more secure foundation.

Today in the world economy, the need for mutual interdependence among nations is growing. Clearly, though, it is impossible for one nation to tackle this task alone. This task can be tackled only by cooperating with another country or working through a regional cooperation system like the Asian and Pacific Economic Conference (APEC) forum or a global framework like the World Trade Organization (WTO).

This task should be called a joint effort toward prosperity. Japan will participate in this effort positively. Japan will make stepped-up endeavors to help Asia attain free and democratic prosperity—working jointly with other Asian countries or through various international cooperation systems.

There is no question that freedom, democracy, and prosperity have their foundation in peace and security. Instability has grown in some areas since the end of the Cold War. However, in Asia, war has stopped and peace has been restored to Indochina. It can be said that the sincere efforts for peace made in the past are now bearing fruit. Even in the future, all issues in this region should be resolved through peaceful dialogues between nations concerned.

Of course, no doubt, we must also take care that the economic competition among nations will not turn into an arms race, thus becoming a cause for disrupting peace and security. In this respect, I must say that Asia in the post Cold-War times can be a model example to other regions.

However, the building of peace and security is not something that can be done by one nation alone either. It is becoming increasingly important that nations have bilateral cooperation with other nations of Asia and the Pacific region or have multilateral cooperation through forums like the United Nations.

Now in a new development, the Asian region forum has come into operation, and the nations in the forum can talk to each other and discuss measures that will enable people to feel secure in their countries. I think such a forum is fine. We can call that an arena for joint efforts toward peace. Japan will actively take part in it and would like to take the initiative [preceding word in English] in it.

Promotion of joint works for peace and prosperity, which I have just noted, is possible only on the basis of mutual trust between governments and between peoples. Based on such an idea, Japan has been hoping for some time to build an environment in which we can have heart-to-heart relations with the people of other Asian countries. My motto is to promote people-friendly politics because I attach importance to heart-to-heart relations, or mutual trust. In order for our nation to build up trust with neighboring countries in Asia, our nation must look back at its history of relations with these nations squarely, and understand it correctly. On the basis of the deep remorse for the aggressive acts and colonial rule of the past, Japan has been exerting efforts to build mutual understanding and mutual trust with the people of Asian countries. Japan will continue to do so. At the same time, we are determined to build peace for the future.

I was filled with deep emotion and renewed this resolve as I visited the Marco Polo Bridge yesterday at this 50th anniversary year marking the end of the war. Taking advantage of this opportunity, I would like to reiterate

that the Japanese people swear that Japan will not become a major military power. On the basis of mutual trust, which was built this way, and in cooperation with China and other Asian countries, Japan is determined to promote joint works for peace and prosperity in Asia.

Answers Questions

OW0405113895 Tokyo NHK General Television Network in Japanese 0225 GMT 4 May 95

[News conference by Prime Minister Tomiichi Murayama with foreign and domestic correspondents in Beijing—live; translation of correspondents' questions from the original Mandarin published in italics]

[FBIS Translated Text] [KYODO correspondent] I am Onoe from KYODO News Service. I am the first to ask a question. During yesterday's meeting with Premier Li Peng, he stated that China will not allow a Taiwanese official who is in a higher position than economic minister to attend the Asia-Pacific Economic Cooperation [APEC] forum to be held in Osaka in November. It can be said that China has stated its intention of not allowing Hsu Li-te, vice president of the Executive Yuan and concurrently in charge of economic affairs, to take part in the forum. I would like to ask how the Japanese Government will cope with this issue.

[Murayama] As you know, I recognize that the APEC forum has a very important role in creating conditions for economic development in the Asia-Pacific region. I told the premier that Japan hopes China will cooperate with Japan, which will host the APEC forum in Osaka in November. At the same time, I clearly stated that in handling the Taiwan issue, Japan will follow the protocol adopted at the APEC meetings in Seattle and in Bogor.

[XINHUA Correspondent, in Mandarin with simultaneous translation into Japanese] I am a reporter from XINHUA. I have heard that some Japanese people still deny that Japan waged a war of aggression 50 years ago. What do you think about that?

I am a reporter from XINHUA. I have heard that some Japanese people still deny that the war waged by Japan against China 50 years ago was a war of aggression. What do you think about that?

[Murayama] I clearly stated my view on this issue at yesterday's meetings with President Jiang Zemin and Premier Li Peng. Japan's acts of aggression and colonial rule in the past caused deep sorrow and pain to people in China and other Asian countries. I believe that, based on a deep remorse, Japanese people have shared a firm determination to create peace over 50 years since the end of the war. I clearly stated this view. I believe the Japanese people have consolidated a common view that Japan will not become a military power and will not repeat its wrongful acts.

[ECONOMIC DAILY correspondent, in Mandarin with simultaneous translation into Japanese] I am a reporter

from JINGJI RIBAO [ECONOMIC DAILY]. Recently, there has been a sharp increase in the yen's value. In response to this situation, China's debt burden in Japanese yen loans has drastically increased. As China is still in the process of development, its economic foundation is weak. As financial aid through yen loans was originally intended to help developing countries, I think that the increased debt burden under the current yen appreciation will have a different result from the original objective of the yen loans. Does the Japanese Government intend to take effective measures to deal with this situation?

I am a reporter from ECONOMIC DAILY [JINGJI RIBAO]. Since last year, there has been a sharp increase in the yen's value. As a result, China's debt burden in Japanese yen loans has further increased. As China is still in the process of development, its economic foundation is weak. The purpose of the Japanese Government's development aid program is to help developing nations develop their economy, but the current reality is that China has a heavier debt burden. This seems to run counter to the purpose of the Japanese Government's development aid program. Will the Japanese Government take feasible measures to solve China's debt burden problem?

[Murayama] Premier Li Peng mentioned this issue yesterday. The yen appreciation has been discussed as an important issue at international meetings. I think there is a common view that the current situation is an unusual state in which economic fundamentals are not reflected. Through orderly reversal [as heard], the foreign exchange market needs to be stabilized to reflect such economic fundamentals. Various countries have agreed that they will cooperate to this end. Japan has suffered more from the impact of the yen appreciating than any other country. For this reason, I believe that Japan needs to make positive efforts to stabilize the exchange market.

I have told China's leaders that we thoroughly understand their position, but as this is the situation, we would like for China to understand Japan's position, too. On the other hand, however, there is a bright side to this situation in that Japanese investment in China may grow as a result of the yen appreciation, and such opportunities should be fully taken advantage of from now on. I have said that it is important for the two countries to fully understand and cooperate in dealing with the problem.

[PEOPLE'S DAILY correspondent, in Mandarin with simultaneous translation into Japanese] I am a reporter from RENMIN RIBAO [PEOPLE'S DAILY]. Mr. Prime Minister, you just mentioned that Japan would continue its stance as a member of the Asian community. What specific action does Japan now plan to take to deepen friendly and cooperative relations with Asian countries?

[Murayama] I think the Asia-Pacific region is drawing the world's attention now as an area that can make economic progress. As I mentioned earlier, I confirmed this on my recent trip through ASEAN countries and the

SRV. What I sensed during the trip was that these countries are very conscious about and urgently seeking relationships like South-South cooperation among themselves or cooperation between industrialized and developing nations.

What strongly impressed me is that these countries share a common understanding of mutual cooperation under which they cannot expect to progress unless their neighbors also progress. Therefore, Japan's role is all the more important. I discussed this during yesterday's summit meeting. I think Japan and China agree that we need to understand each other's roles in establishing peace and stability in Asia as a whole and promoting cooperation to that end.

[CCTV correspondent, in Mandarin with simultaneous translation into Japanese] I am a reporter from the China Central Television Station [CCTV]. Mr. Prime Minister, you visited the Marco Polo Bridge and Memorial Hall of the War of Resistance Against Japanese Aggression. We consider this as your, and the Japanese Government's gesture expressing deep remorse over Japan's past acts of aggression and colonial rule. I would like to ask you what measures Japan will now take to prevent such tragedies from recurring as this will surely help maintain friendly relations between the Japanese and Chinese Governments as well as the Japanese and Chinese people.

I am a reporter from the China Central Television Station [CCTV]. Mr. Prime Minister, you visited the Marco Polo Bridge and Memorial Hall of the War of Resistance Against Japanese Aggression yesterday. The visit showed the deep introspection of your Excellency and the Japanese Government on the aggression and colonial rule of the past. I would like to ask you what measures the Japanese Government will take to ensure that similar tragedies will not be repeated, so that the friendly relations between the two countries and between the two peoples will continue forever. Thank you.

[Murayama] As this year marks the 50th anniversary of the end of World War II, I visited the Marco Polo Bridge, which is one of the symbols of the war that caused great loss for the Chinese people. It reminded me of the past and helped renew my determination to work for peace. That is how I feel. I also feel that my visit to the bridge as the first Japanese prime minister to do so since the end of World War II, is meaningful in that the feelings of the Japanese people have been conveyed to the Chinese people. Let us cherish and keep this in our minds, and I think we will be able to continue cooperation based on mutual understanding.

[NHK Correspondent] I am Hayashi from NHK. Listening to questions asked after yesterday's summit meeting and previous questions during this news conference, I feel there is high interest in the issue of Japan's concept of its past history, particularly concerning the so-called anti-war resolution to be drawn up by the Diet. I would like to hear your views, both as the prime

minister and as the chairman of the ruling Social Democratic Party of Japan, on whether the resolution will be passed during the current Diet session.

[Murayama] Regarding this issue, I clarified my views in a speech I delivered last year and my policy speech at the beginning of the Diet session. I have clarified that Japan will make active contributions to peace based on, as I mentioned earlier, Japan's past acts of aggression and colonial rule that brought deep sorrow and suffering to people in China and other Asian countries. As far as the no-war resolution is concerned, I would like the Diet to support it now that discussion is under way. It is one of the issues included in the accord reached when the three ruling parties formed the coalition. I am following the matter and hoping a resolution will be passed.

[DPA correspondent, in Mandarin with simultaneous translation into Japanese] I am a reporter from the United States [sentence as heard]. I would like to ask you about the relationship with the United States. Recently, President Clinton said the United States will suspend trade with Iran. Do you support his decision? If so, what kind of steps will Japan take?

I am a reporter from Deutsche Presse-Agentur [DPA]. I would like to take this opportunity to ask a question about the United States. U.S. President Clinton has made a proposal on canceling trade with Iran. Do you approve of such a proposal? What measures will the Japanese Government take in this regard? Thank you.

[Murayama] I discussed this issue with President Clinton during my visit to the United States. As President Clinton said, we should take appropriate measures against terrorism and other similar actions as these are the common enemies of human beings. In the case of Iran, though, both terrorist and non-terrorist forces exist. I think it is necessary, therefore, to help moderate forces obtain power. The domestic situation in Iran must be considered when dealing with the country.

[Unidentified correspondent] In China and many other Asian countries, there are many individuals who suffered severely during World War II. In 1972, the Chinese Government relinquished its right to demand compensation from Japan. However, I think individuals still possess the right to demand compensation for loss and suffering. I heard that at a meeting with you last night, Premier Li Peng asked Japan to seriously examine individuals' losses and to take suitable steps. Please tell us your views about this.

[Murayama] In the meeting last night, we did not discuss this issue at all. As you said, I believe the two governments have a common recognition that the question of Japan's compensation to China was resolved under the 1972 Sino-Japanese Joint Communiqué. Regarding respective problems, Japan should take befitting steps, though I cannot say now exactly what kind of approach we will assume.

[SANKEI SHIMBUN correspondent] I am Inui of SANKEI SHIMBUN. Although the concept of the East Asia Economic Caucus [EAEC] was discussed at the bilateral summit last night, Japan's attitude seems to be very ambiguous. When will you make a final decision on this issue, and what kind of stance will Japan assume? In addition, please tell us again in detail your view on the question of Taiwanese Vice Premier Hsu Li-te visiting Japan.

[Murayama] I understand Malaysian Prime Minister Mahathir's proposal regarding the EAEC. However, if a misunderstanding or conflict arises on this issue among member countries of the APEC forum, it will have an adverse affect on management of APEC. In an effort to manage the APEC forum based on member nations' understanding and agreement, I believe further discussion is needed. As for the second question, the upcoming APEC forum will be held in the same manner as past forums in Bogor and Seattle.

Further on News Conference

OW0405091195 Beijing XINHUA in English 0851
GMT 4 May 95

[FBIS Transcribed Text] Beijing, May 4 (XINHUA)—Visiting Japanese Prime Minister Tomiichi Murayama said Japan is determined, on the basis of mutual trust, to work together with China and other Asian countries in promoting "the joint task for prosperity and peace".

Speaking at a press conference here this morning, he said that in order to build mutual trust with neighboring countries and those elsewhere, "it is imperative for Japan to squarely face the history of our relationship with them and understand it correctly."

Japan has been working to forge bonds of mutual understanding and confidence with other Asian nations, based on "the profound remorse for its acts of aggression and colonial rule of the past," the prime minister remarked, adding that Japan is determined to continue these efforts, as well as to create peace for the future.

About his current visit, he said that he had a frank and friendly exchange of views with the Chinese leaders, including President Jiang Zemin and Premier Li Peng on a wide range of issues.

The two sides re-affirmed the belief that Japan and China, in sharing significant responsibility for the prosperity and peace of the Asia-Pacific region, should strengthen mutual understanding and mutual trust, looking ahead to the 21st century, and that the two countries should cooperate in making a contribution to prosperity and peace in this region and the entire world, saying that "this is very meaningful."

In response to a comment that some Japanese deny the existence of Japanese aggression more than 50 years ago, Murayama said that during a certain period of the past, Japanese aggression and colonial rule brought about

unbearable suffering and sorrow for the people of China and other Asian countries, and the Japanese side has "profound remorse."

He went on to say that the Japanese people are determined to create world peace and are well schooled in this regard, adding that he believes that the Japanese people will learn from history and prevent a repetition of past events.

On his visit yesterday to the Lugou (Marco Polo) Bridge and the Memorial Hall of the War of Resistance Against Japanese Aggression, he said that he reviewed the past there and was able to "reaffirm my determination to strive for peace."

In his role as prime minister, he said, "I was the first to visit the Lugou Bridge since the end of the war, and it is my desire to help the Chinese people understand our feelings," adding that this is meaningful and treasurable.

He further said that he would like to achieve a better understanding between the two peoples, and from that, "we can also have better cooperation."

On Taiwan's participation in the APEC summit meeting scheduled for November this year in Osaka, the Prime Minister said that the APEC meeting plays an important role in promoting economic development in the Asia-Pacific region, and Japan will follow the Seattle meeting in the United States and the Bogor meeting in Indonesia, in so far as Taiwan's participation is concerned.

Talking about the appreciation of the Japanese yen which is said to have added a burden to China's debt payment, Murayama said that the appreciation of the yen has been hardest for Japan itself, and countries are consulting and cooperating with each other in stabilizing the exchange rate.

The appreciation, however, is conducive to increasing Japanese investment in China, he noted, saying that he hopes that Japan and China can increase their understanding and cooperation in this so as to find a proper settlement.

After the press conference, Murayama attended a reception held by Japanese Ambassador to China Sato Yoshiyasu.

Murayama and his party are scheduled to leave here for Xian this afternoon.

Calls For 'Trust'

OW0405024995 Tokyo KYODO in English 0234 GMT
4 May 95

[By Takehiko Kajita]

[FBIS Transcribed Text] Beijing, May 4 KYODO—Japanese Prime Minister Tomiichi Murayama expressed determination Thursday [4 May] for Japan to strive toward peace and prosperity in Asia in cooperation with China and other neighbors in the region.

Speaking at a joint news conference with Chinese Premier Li Peng, Murayama spoke of the need for Asian countries to push for bilateral and multilateral efforts to help tackle problems of regional concern.

The Japanese leader, who arrived in Beijing on Tuesday for a five-day official visit, also said such a drive can only be made successful when trust is secured among regional countries and their peoples.

Murayama, who conferred with Li and President Jiang Zemin on Wednesday, reiterated that Tokyo needs to face up to the history of its relations with other Asian countries.

He also said Japan has made every effort to deepen mutual understanding and enhance mutual trust with its Asian neighbors, based on deep remorse for its military actions in the 1930s and 1940s, including aggression and colonial rule.

Murayama said he recognized anew the need for joint efforts for peace and prosperity in Asia when he visited Wednesday the Marco Polo Bridge, the site of the 1937 incident that triggered war between Japan and China.

His visit to the bridge, located just outside Beijing, was made as this year marks the 50th anniversary of the end of World War II. He becomes the first Japanese prime minister to visit the site.

Murayama will also travel to Xian and Shanghai after meeting in Beijing with Qiao Shi, chairman of the standing committee of the National People's Congress. He will return home Saturday.

Seeks Peace With Neighbors

OW0405052195 Tokyo KYODO in English 0503 GMT
4 May 95

[By Takehiko Kajita]

[FBIS Transcribed Text] Beijing, May 4 KYODO—Japan is resolved to joining forces with its Asian neighbors to ensure the future peace and prosperity in the region, Japan's Prime Minister Tomiichi Murayama said Thursday [4 May].

"In Asia and elsewhere, it is imperative for us, Japanese people, to look squarely at the history of our relationship with them and realize it correctly," he told a news conference.

"Japan has thus been working to forge bonds of mutual understanding and confidence with other Asian peoples, based on the profound remorse for its acts of aggression and colonial rule of the past."

"Japan is determined to further continue these efforts, as well as create peace in the future," the Japanese leader said on the third day of his five-day official visit to China that began Tuesday.

Murayama, who is in China for the first time since coming to power last June, noted all Japanese people are plainly aware that Japan's atrocities up to and during World War II "caused deep sorrow and suffering" for people in China and other Asian countries.

Murayama, who conferred with President Jiang Zemin and Prime Minister Li Peng on Wednesday, also repeatedly assured that Japan will never become a military power nor make the same mistakes it made in the past.

Murayama said he renewed his determination to strive further toward peace when he visited Wednesday the Marco Polo Bridge, the site of the 1937 clash that triggered war between Japan and China. He became the first Japanese premier to visit the site, located just outside Beijing.

"Based upon the foundation of mutual trust thus built, Japan is resolved to work together with China and other countries of Asia to move ahead in a 'joint task for prosperity and peace,'" he said.

On the question of Taiwan's representation at an informal summit of the Asia-Pacific Economic Cooperation (APEC) forum slated for osaka in November, Murayama maintained Japan will follow the protocol adopted at the APEC meetings in Seattle in 1993 and Bogor, Indonesia, in 1994.

As host of this year's APEC parley, he said, Japan will not allow any top Taiwan officials other than an economic minister—an indication that Taiwan Vice Premier Hsu Li-teh will not be invited. Tokyo had earlier made it clear it would not invite Taiwan President Li Teng-hui to the Osaka meeting.

Due to China's insistence, the last two APEC gatherings did not offer invitations to the "regional" leaders of Taiwan or Hong Kong.

Under the 19.2 joint declaration that restored ties with China, Japan limits its contacts with Taiwan to nongovernmental activities in such fields as trade and tourism. China views Taiwan as a renegade province.

Asked about the yen's recent surge against the U.S. dollar and its effects on China and other developing countries, the Japanese premier said he understands their debt burden from Tokyo's official loans have swollen with the yen's 20 percent rise this year.

But he took a negative view on possible Japanese measures to reduce the debt burden of China and other developing nations from its low-interest loans, saying Japan is making every effort to stabilize turbulent currency markets.

Cautious on U.S. Line on Iran

OW0405052995 Tokyo KYODO in English 0514 GMT
4 May 95

[FBIS Transcribed Text] Beijing, May 4 KYODO—Japanese Prime Minister Tomiichi Murayama on

Thursday [4 May] took a cautious stand on a possible harder line toward Iran in tandem with the recent U.S. decision to cut off all trade and investment ties with Tehran.

Pointing to the need to assist "moderate forces" in Iran, the Japanese leader told a news conference Japan will carefully study the domestic situation in the Middle Eastern nation and decide on its course of action.

Murayama, who is in China on a five-day official trip from Tuesday, did not elaborate on specifics, such as the question of whether Japan will put off the planned disbursement of a second installment of official development assistance (ODA) to Iran.

Japan resumed ODA to Iran in May 1993, thawing an 18-year freeze on official lending to Tehran.

Tokyo provided 38.6 billion yen in official credits to Tehran as a first installment—for a hydroelectric power project on the Karun River.

Washington has repeatedly asked Tokyo to cancel its planned extension of a second portion of ODA to Tehran because the United States has designated Iran as a country that sponsors terrorist activities.

Meets With Qiao Shi

OW0405084695 Beijing XINHUA in English 0752
GMT 4 May 95

[FBIS Transcribed Text] Beijing, May 4 (XINHUA)—Qiao Shi, Chairman of the Standing Committee of the Chinese National People's Congress (NPC), today urged Japan to draw a lesson from history and continue on its path of peace and development.

During his meeting with Japanese Prime Minister Tomiichi Murayama here at noon, Qiao noted that this year marks the 50th anniversary of the end of World War II and the Chinese War of Resistance against Japanese aggression. "Your trip to China is an event of great significance," he told Murayama.

The Japanese prime minister's meeting with President Jiang Zemin and his talks with Premier Li Peng yesterday "will benefit the steady development of Sino-Japanese relations," Qiao said.

Qiao stressed the fact that 1995 can also serve as a link between past and future.

"It is our hope that Japan will, along with other Asian countries, take advantage of this occasion, and draw a lesson from history and continue on its path of peace and development," he said.

For his part, Murayama said that Japan's forging peaceful, cooperative relations with China, based on deep reflections on history, is of great significance.

The Japan-China Joint Communique and the Treaty of Peace and Friendship are the results of the consistent

efforts of the former leaders of the two countries, Murayama noted, adding that Sino-Japanese cooperation based on these documents will "contribute to peace and development in the Asia-Pacific region."

In briefing Murayama on China's reforms and opening up and its development strategy, Qiao stressed the idea that this country has high hopes for a peaceful international environment.

Murayama said that China's rapid economic growth has impressed him a lot. "Japan is willing to play an active role in supporting China's economy and opening up," he assured Qiao.

After the meeting, Qiao hosted a banquet for Murayama and his party.

Seeks Closer Ties

OW0405120995 Tokyo KYODO in English 1120 GMT
4 May 95

[By Takehiko Kajita]

[FBIS Transcribed Text] Xian, China, May 4 KYODO—Japan's Prime Minister Tomiichi Murayama expressed hope Thursday [4 May] that closer relations between Japan and China will contribute to the development of the Asia-Pacific region as a whole.

In a meeting in Beijing with Qiao Shi, chairman of the Standing Committee of the National People's Congress, Murayama also said Tokyo regards the 1972 joint declaration and the 1978 peace treaty as the foundation of bilateral ties, Japanese officials said.

Murayama, who is on a five-day official visit to China that began Tuesday [2 May], and Qiao met in April, when China's parliamentary leader made a trip to Japan at the invitation of the chiefs of both houses of the Japanese legislature.

Qiao told Murayama Sino-Japanese relations are vital in helping develop China's economic development, the officials said. He was also quoted as hoping the two neighboring countries will strengthen ties through their joint efforts.

While praising Beijing's economic reform and open-door policy, the Japanese premier offered reassurances that Tokyo will continue to support the Chinese efforts.

Shortly after the talks with Qiao, Murayama left Beijing and flew into the ancient Chinese capital of Xian. He will also travel to Shanghai and return to Tokyo on Saturday.

Earlier Thursday, Murayama restated Japan's commitment to work together with other Asian countries to ensure the future peace and prosperity in the region.

Speaking at a news conference in Beijing, he said, "Japan is determined to further continue these efforts, as well as create peace in the future."

As this year marks the 50th anniversary of the end of World War II, he also noted all Japanese people are plainly aware that Japan's atrocities in the 1930s and 1940s "caused deep sorrow and suffering" for people in China and other Asian neighbors.

"I think, in order to build mutual trust with neighboring Asia and elsewhere, it is imperative for us, Japanese people, to look squarely at the history of our relationships with them and realize it correctly."

Murayama, who conferred with President Jiang Zemin and Premier Li Peng on Wednesday, repeatedly assured that Japan will never seek to be a military power nor make the same mistakes it made before and during the war.

He said he renewed his determination to strive further toward peace when he visited Wednesday the Marco Polo Bridge, the site of the 1937 incident that triggered war between Japan and China. He became the first Japanese premier to visit the site, located just outside Beijing.

"Based upon the foundation of mutual trust thus built, Japan is resolved to work together with China and other countries in Asia to move ahead in a 'joint task for prosperity and peace,'" Murayama said.

This is Murayama's first visit to China since his rise to power last June. He is the first Japanese premier to visit this country after then Prime Minister Morihiro Hosokawa made a China trip in March 1994.

Arrives in Xian

OW0405101495 Tokyo KYODO in English 0946 GMT 4 May 95

[FBIS Transcribed Text] Xian, China, May 4 KYODO—Japanese Prime Minister Tomiichi Murayama flew into the ancient capital of Xian on Thursday [4 May] as part of his five-day official visit to China.

On the first leg of his trip, Murayama met in Beijing with Prime Minister Li Peng and President Jiang Zemin on Wednesday, and Qiao Shi, chairman of the Standing Committee of the National People's Congress, on Thursday.

At a news conference in Beijing on Thursday morning, the Japanese leader renewed his deep remorse for Japan's victimization of China and other Asian countries before and during World War II.

As this year marks the 50th anniversary of the war's end, he also seized the opportunity to restate Tokyo's commitment to world peace and prosperity based on the repentance for its wartime actions.

This is Murayama's first China trip as prime minister. After Xian, he will also visit Shanghai before returning home Saturday.

Murayama's Daughter Meets Deng Pufang

OW0305134995 Beijing XINHUA in English 1319 GMT 3 May 95

[FBIS Transcribed Text] Beijing, May 3 (XINHUA)—Visiting Japanese Prime Minister Murayama's daughter Yuri Nakahara toured the China Rehabilitation Center for the Handicapped here this morning.

At the center, Deng Pufang, president of the China Association for the Handicapped, escorted Nakahara and briefed her on the Center, the Association and the lives of handicapped Chinese people.

During the meeting, Deng spoke highly of the cooperation between China and Japan in helping the handicapped.

Nakahara welcomed Deng on his forthcoming trip to Japan in October as the head of an art troupe formed of Chinese handicapped people.

Nakahara also mounted the Tiananmen rostrum here this afternoon on a sightseeing tour.

Southeast Asia & Pacific

Henan's Governor Meets Singapore Delegation

HK3004070895 Zhengzhou Henan People's Radio Network in Mandarin 1030 GMT 14 Apr 95

[FBIS Translated Text] On the afternoon of 13 April, Governor Ma Zhongchen cordially met with the seven-member Singapore commercial and tourist inspection delegation headed by Hsie Yung, chairman of the Singapore-China Friendship Association. The meeting was held in the guest hall of the provincial government.

The delegation came to Henan at the invitation of Henan Province's representative office in Singapore. When meeting the guests, Governor Ma said: I am very glad to see you, my old friends. I hope that you will see more places in Henan and know better about Henan so that you will select the right projects for cooperation. Chairman Hsie Yung said: In Singapore, we heard the briefing given by Governor Ma of Henan's conditions, and this deepened our understanding of your province and increased our confidence in making investment in Henan.

The delegation will first inspect projects in Zhengzhou and Kaifeng, and will then attend Luoyang City's flower fair at the invitation of the Luoyang City Government.

Li Ruihuan Meets With Thai Table Tennis Group

OW0405043695 Beijing XINHUA Domestic Service in Chinese 1238 GMT 1 May 95

[By reporter Zhu Yuquan (2612 3768 3123)]

[FBIS Translated Text] Tianjin, 1 May (XINHUA)—On 1 May, at the Tainjin Yingbin Hall, Li Ruihuan, CPC

Central Committee Political Bureau Standing Committee member, National Committee of the Chinese People's Political Consultative Conference chairman, and honorary chairman of the Organizing Committee for the 43d World Table Tennis Championships, met with Chen Shixian, Thailand's Chinese Journalist Charity Foundation president, Promotion Association for Chinese National Culture vice chairman, and adviser to the Tianjin Municipal Government.

As the honorary chairman of the Organizing Committee for the 43d World Table Tennis Championships, Li Ruihuan first expressed greetings to Chen Shixian and his party who came to Tianjin to attend the opening of the 43d World Table Tennis Championships. He said:

Mr. Chen Shixian has made solid contributions to developing Chinese cultural and charity undertakings in various areas across China for the past years. This time, Mr. Chen enthusiastically offered assistance to the 43d World Table Tennis Championships. We appreciate his help very much.

Chen Shixian said: I am especially honored to be able to come to beautiful Tianjin on the eve of the opening of the 43d World Table Tennis Championships and view this great event. The rapid development of table tennis in Thailand in recent years can be mainly attributed to lessons we learned from China. The purpose of our visit this time is to enhance friendship and development.

Gao Dezhan, Tianjin municipal party committee secretary, and Mayor Zhang Lichang were present at the meeting.

Political & Social**Further Reportage on 'Death' of Liu Zhengwei****Jouranalist Denies Report**

*HK0305112795 Hong Kong WEN WEI PO in Chinese
3 May 95 p A12*

[“Seeking Truth” column by Li Tzu-chen (7812 1311 3791): “REUTER Makes a Big Mistake”]

[FBIS Translated Text] Yesterday, many newspapers in Hong Kong carried prominently a report which said that Liu Zhengwei, the former party secretary of Guizhou whose wife was executed for corruption, “jumped to his death from his Beijing apartment,” and that “Liu was the most senior official to commit suicide in China since the Cultural Revolution.” The source of the information is REUTER.

Liu Zhengwei's wife was executed more than three months ago. Liu did not kill himself then, so why had he jumped to his death now? I was puzzled when I read the newspaper. Precisely at that moment, a friend of mine called from Beijing to discuss something, and I knew he had work connections with Liu Zhengwei, who is now deputy party secretary of the Work Committee for Central Government Organs, so I took the opportunity to ask him to verify the report. He laughed loudly when he heard the story, and shouted “it really is a strange story.” He said: I have just talked to Liu Zhengwei on the phone, and he is completely well at home, so how come he has jumped from the building? This indicates that Liu Zhengwei himself has yet to learn the arrangement by REUTER for him “to jump to his death.” I was lost for words when I heard this.

Perhaps the “badly hit” Hong Kong newspapers will not bother REUTER too much for its false information, and Liu Zhengwei can hardly file a libel case. But for REUTER, which is a major international news agency well-known for its influence, it is really a humiliation to make such a big mistake. Let me make a not quite appropriate analogy. The relationship between a news agency and its audience is like the relationship between a manufacturer and the consumer. A manufacturer who cherishes his reputation should provide the consumer with quality goods, and a responsible news agency should provide the masses with accurate information. As a news agency, if it listens to hearsay and randomly fabricates stories, it resembles a manufacturer who cheats the consumer with counterfeit and poor commodities; both of them are lacking in ethics. The only difference between them is that when an unscrupulous merchant sells false and poor commodities, he is doing so purely for profit, but when a news agency creates false information, it may be doing so for certain other purposes.

The CPC has recently intensified the anticorruption drive, and has promptly reported on the process, thus winning praise from people at home and abroad. Some

false information on “arrests” and “suicides” has also appeared. Is this to foster a certain kind of atmosphere to show political instability? Only those who create the stories can tell.

Is it a careless mistake or an intentional fabrication by REUTER? There is no harm in interested reporters finding out. This news agency has made such a big mistake, and we are waiting to see if it will solemnly correct it or act as if nothing has happened.

[Hong Kong AFP in English at 0457 GMT on 3 May in a Beijing-dated report adds: “Former Guizhou party secretary Liu Zhenwei, 65, ‘is actually alive and well,’ said a spokesman for the Work Committee for Central Government Organs, of which Liu has been executive deputy secretary since being transferred to Beijing from his top provincial post in 1993.

The spokesman declined to comment further on Liu's present circumstances.”]

Liu Suicide Called ‘Nonsense’

*HK0305144895 Beijing ZHONGGUO XINWEN SHE
in English 1217 GMT 3 May 95*

[FBIS Transcribed Text] Beijing, May 3 (CNS)—A recent news report issued by Reuters on suicide committed by the former secretary of the Guizhou provincial party committee Liu Zhengwei is sheer nonsense.

The report said that Liu whose wife was executed because of conviction on charges of corruption jumped to his death from a Beijing high-rise building in which he lived. It noted that Liu was the highest ranking official since the Cultural Revolution ever to have committed suicide. Several Hong Kong newspapers also published this news. A columnist for the Hong Kong edition of Wen Wei Po revealed that a Beijing friend to whom the writer made a telephone call confirmed the news was false. The Beijing friend said that he had telephone contact with Liu yesterday and he was in good order. An authoritative source from Beijing told CNS that there had been no such suicide incident and added that quite a number of overseas reports on the resignation of Chen Xitong, a high ranking Beijing cadre, were not true either.

Leaders Criticized for ‘Promotion’

*HKC405035395 Hong Kong SOUTH CHINA
MORNING POST in English 4 May 95 p 12*

[By Willy Wo-Lap Lam]

[FBIS Transcribed Text] Premier Li Peng and his protege Luo Gan have suffered political damage because of criticism over the promotion of former Guizhou party secretary Liu Zhengwei to Executive Vice-Secretary of the Work Committee for Central Government Organs. Mr Liu has been in the spotlight the past week over reports that he had committed suicide as a result of the

execution of his wife Yan Jianhong last January on corruption charges in Guizhou.

Chinese authorities yesterday denied the suicide report, first carried by Western news agencies this week. A spokesman for the Work Committee said yesterday that Mr Liu, 65, was "actually alive and well". REUTER news agency, which reported that Mr Liu jumped from a high-rise building last month, yesterday quoted a party spokesman as saying: "The State Council has officially refuted the rumour." She [as published] added that the State Council "has not heard about the suicide and the rumour has been denied by departments concerned".

None of the officials contacted yesterday would give any information on the whereabouts of Mr Liu or whether he was still working in the work committee which is in charge of personnel and disciplinary matters.

The pro-Chinese Hong Kong daily, WEN WEI PO yesterday carried a report by Li Zizhen, who wrote that a friend of his had had a telephone conversation with Mr Liu. "Liu Zhengwei is in his home, and he is well," the friend said.

Chinese sources in Beijing said, however, that a number of cadres in the law enforcement agencies believed Mr Liu should be investigated for possible complicity in his wife's crimes. Yan, who headed the Guizhou International Trust and Investment Corporation was executed in Guizhou on January 16 for crimes including the embezzlement of 650,000 yuan (about HK\$598,000) and US\$ 14,000 (HK\$108,206). She also allegedly made illegal loans worth two million yuan to associates. Guizhou cadres said that Yan, who was also vice-chairman of the provincial planning commission, could not have perpetrated those crimes if her husband had been more vigilant.

"The focus of public debate on Liu is on why official investigations had not been conducted on his possible involvement in his wife's misdeeds, and who was responsible for giving him the position at the Work Committee on Central Government Organs," a source in Beijing said. He added that when Mr Liu was transferred to Beijing in July 1993, investigations into his wife's corruption had almost been completed. Since mid-1993, Mr Liu has given several speeches on the need to fight corruption, particularly graft-related activities by senior cadres and their relatives.

The source added that premier Li and Mr Luo, who is head of the Work Committee and Secretary-General of the State Council, had been criticised because they were in charge of personnel matters in the State Council.

It is understood that since his wife's execution, Mr Liu has kept a low profile and that he would be allowed to retire this year if an investigation does not go ahead.

Liu Huaqing Speaks in Memory of Ye Jianying
HK0405080095 Beijing JIEFANGJUN BAO in Chinese
21 Apr 95 p a

[“Excerpts of Speech Delivered by Vice Chairman Liu Huaqing (0491 5478 3237) on 20 April 1995 at the Forum on the Publication and Circulation of ‘Biography of Ye Jianying’ and Marking the 98th Anniversary of Ye Jianying’s Birthday”]

[FBIS Translated Text] Comrade Ye Jianying was a long-tested, loyal communist fighter; a great proletarian revolutionary, statesman, and strategist; one of the founders of the Chinese People's Liberation Army; and an outstanding leader who held important leadership posts in the party and state for a long time. For over half a century, Comrade Ye Jianying devoted the energies of a lifetime, and made great contributions to the causes of the Chinese people's liberation and socialist construction. In the years of the revolutionary wars, Comrade Ye Jianying worked for a long time in leadership posts in our Army's supreme command. He served as the chief of general staff of the Chinese Workers' and Peasants' Red Army, as chief of staff of the First Front Army of the Red Army, as chief of staff of both the Central Military Commission and the Eighth Route Army, and as chief of staff of the Chinese People's Liberation Army. A man of great talent, bold vision, valor, and strategy, he was one of the main assistants to such central leaders as Mao Zedong, Zhou Enlai, and Zhu De in directing China's revolutionary wars, thus making significant contributions to the liberation cause of the Chinese people. At several important and critical junctures in the Chinese revolution, he was selfless and fearless in the face of danger and difficulties, and pressed forward to perform historic and meritorious deeds. After the founding of New China, he assumed many important leadership posts in the party, state and Army over a long period of time. He consistently upheld an ideological line of seeking truth from facts, was circumspect and foresighted, and worked his heart out. He made indelible outstanding contributions to the cause of socialist construction; the revolutionization, modernization, and regularization of our Army; the rectification of the party's guiding ideology in the new period; the improvement of socialist democracy and the legal system; the accelerated progress of reform and opening up; and the promotion of the great cause of the motherland's peaceful unification. In particular, in 1976, at a critical juncture when Comrades Zhou Enlai, Zhu De, and Mao Zedong had passed away one after another and the Jiang Qing counterrevolutionary clique had made a vain attempt to usurp supreme party leadership and state power, he came out boldly. Together with other comrades of the Central Political Bureau, he resolutely made an important decision to overthrow the Jiang Qing counterrevolutionary clique. He played a decisive role in a struggle that had a bearing on the future and fate of China, and he saved the party and the state.

Comrade Ye Jianying had been highly praised by the central leading comrades—including Mao Zedong, Zhou Enlai, Zhu De, and Deng Xiaoping—for his immortal achievements and lofty moral character. He enjoyed the wholehearted love and esteem of the whole party and Army, and of the people throughout the country, as well as compatriots from Hong Kong, Macao, and Taiwan, and overseas Chinese compatriots. Today, while recalling Comrade Ye Jianying, we should learn his revolutionary spirit and fine moral character, and carry out his unfulfilled wish by advancing bravely along the road of building socialism with Chinese characteristics. We must resolutely implement the party's basic line and the spirit of the Fourth Plenary Session of the 14th CPC Central Committee; firmly grasp the overall situation of the work of the whole party and country—meaning to “seize opportunities, deepen reform, open wider to the outside world, promote development and maintain stability”; and promote the victorious advance in the cause of China's reform, opening up, and modernization drive. Taking Comrade Ye Jianying as our example, guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and led by the party Central Committee and Central Military Commission with Comrade Jiang Zemin as the core, we should rouse ourselves; forge ahead; strive to accomplish the historical mission entrusted to us by the party and the people of building modern national defense and building a strong contingent of modern, regular, revolutionary troops; and make new contributions to accelerating reform and opening up, as well as socialist modernization. This is the best way for us to commemorate Comrade Ye Jianying!

Song Ping Encourages Young Volunteers in Beijing

OW0305132695 Beijing XINHUA Domestic Service in Chinese 0956 GMT 3 May 95

[By RENMIN RIBAO reporter Tang Weihong (0781 4850 4767) and reporter Hu Xiaomeng (5170 2556 1125)]

[FBIS Translated Text] Beijing, 3 May (XINHUA)—This afternoon, Comrade Song Ping visited young volunteers at the Chinese Young Volunteers Haidian Service Station in Beijing's Haidian District. He said young volunteers have done an outstanding job by concentrating their volunteering efforts on serving economic construction, helping those in difficulty and the poor, popularizing culture and education, helping change the general mood of the society, and on major social activities. Their activities have won a positive response from the broad masses of young people and have been well-received among the masses; they have also produced excellent social effects.

The Chinese Young Volunteers Haidian Service Station was jointly launched and established by the Communist Youth League [CYL] Central Committee, the Beijing

CYL Committee, the Haidian District CYL Committee, and the Beijing Dayin Group. Its major volunteering services include providing health care and daily life services for veteran cadres, scientists, technicians, and teachers and help them collect data. As of the end of April, the station boasted about 2,000 volunteers who were providing personal volunteering services to those asking for assistance.

At the service station, Song Ping, together with Li Keqiang, first secretary of the CYL Secretariat, Chen Guangwen, deputy secretary of the Beijing Municipal CPC Committee, and other comrades closely inspected the work process of the service station, listened attentively to the briefings on the station, and cordially chatted with the volunteers.

Upon hearing the briefing by a person in charge of the Beijing CYL Committee on the organization and launching of the volunteering activities and the report given by a representative of the volunteers, Song Ping said since the launch of the young volunteering activities in December 1993, and since they began serving society and helping other people, volunteers have not only received a moving and realistic education on patriotism, collectivism, and socialism, but have also seen their political thinking and awareness raised to a higher level; hence, the volunteering activities are of great significance.

Song Ping pointed out that China is a socialist country which practices a socialist market economic system. Human relationships are not based on purely monetary factors. There is a need to help found a new type of human relationship that is marked by equality, harmony, unity, and mutual assistance. At present, China's economy is not that developed; poverty, natural disasters, and many other practical difficulties remain. Relying on the government alone to solve those difficulties will not be enough. It is necessary to mobilize various social organizations and forces to help solve them. The purpose of launching the young volunteers activities is to mobilize the broad mass of the young people to help share the burdens of the party and government and to assist the masses in solving difficulties through working in a down-to-earth manner.

Song Ping said Comrade Mao Zedong once noted that it is not that difficult for a person to do some good deeds, but it is difficult for him to keep doing good deeds his entire life. Likewise, the most important thing for young volunteers is to seek practical results and stress perseverance. To perform good deeds over an entire lifetime, volunteers need not only stress practice, but also establish a correct world view and outlook on life. He expressed the hope that young pioneers would make persistent efforts, constantly sum up experiences, do an even better job, and give new contributions to building socialist spiritual civilization.

Wei Jianxing Addresses Trade Union Meeting

OW0305151195 Beijing XINHUA Domestic Service in Chinese 1420 GMT 30 Apr 95

[By reporter Chu Baoping (2806 0202 1627)]

[FBIS Translated Text] Beijing, 30 Apr (XINHUA)—A grand meeting to mark the 70th anniversary of the founding of the All-China Federation of Trade Unions [ACFTU] was held at the small auditorium of the Great Hall of the People in Beijing today. Wei Jianxing, member of the CPC Central Committee Political Bureau and chairman of the ACFTU, made an important speech.

The meeting was presided over by Zhang Dinghua, vice chairman of the ACFTU and first secretary of its Secretariat. Wu Bangguo, Ni Zhifu, Li Peiyao, Luo Gan, and Qian Zhengying attended the meeting.

Wei Jianxing said: The purpose of our holding a solemn meeting to mark the 70th anniversary of the founding of the ACFTU is to inherit and carry forward, in a better way, the glorious tradition of the ACFTU, and, under the leadership of the CPC, to further rely on, unite, and mobilize the working class and the entire working people in China, to carry forward the revolutionary cause and forge ahead into the future in a pioneering spirit, and to make new contributions to deepening the reform, to opening China wider to the outside world, to promoting development, and to maintaining stability, and to the great cause of building socialism with Chinese characteristics.

Wei Jianxing pointed out: In the past 70 years the ACFTU has gone through a glorious course and has written a brilliant chapter with its important contributions to the realization of national liberation, a strong and prosperous nation, and people's well-being. The trade union movement in China is closely connected with the cause led by the party and with the destiny of the working class and the masses of working people in China. In the past 70 years the work of the ACFTU can be summarized this way: Under the leadership of the CPC, the ACFTU has integrated the basic tenets of Marxism with the concrete practice of the China's worker movement and trade union work and has firmly followed its own path forged by itself.

Wei Jianxing stressed: Safeguarding the legitimate rights and interests of workers and staff members is the basic duty of trade unions. In accordance with the Labor Law and other laws and regulations, trade unions should step up efforts to coordinate labor relations and fully exercise their functions in safeguarding workers' interests so as to better protect and enhance the enthusiasm of workers and staff members and to better promote the development of productive forces and social progress. In exercising their duty of safeguarding the basic rights and concrete interests of workers and staff members, trade unions must focus on economic development, because without economic development, it is useless to talk

about safeguarding rights and interests. It is also useless to talk about protecting and enhancing the enthusiasm of workers and staff members.

Wei Jianxing pointed out: To fulfill their heavy missions under the new situation, trade unions should speed up reform of their organizations, operating mechanisms, and activities, maintain close ties with workers and staff members, and strive to make trade union organizations more democratic and representative of the masses. As implementation of the Labor Law concerns the whole situation, this requires that trade unions go beyond their work borders, make good use of the power and methods bestowed them by the Labor Law, and strive to make breakthroughs in work in major areas. A key and important task of trade unions in implementing the Labor Law is holding consultations with enterprises on equal footing and concluding collective contracts with them on behalf of workers and staff members on such matters as rights and interests and labor standards.

Wei Jianxing stressed: In conjunction with their tasks and requirements in the new period, trade unions should strive to improve themselves and the quality and professional skills of their cadres.

Yang Xingfu, vice chairman of the ACFTU, read aloud the "Decision of the All-China Federation of Trade Unions on Commending National Outstanding Trade Union Cadres and Outstanding Trade Union Activists." The decision decides to confer the title of "National Outstanding Trade Union Cadres" on Dong Shouzhen and other 534 comrades and the title of "National Outstanding Trade Union Activists" on Cui Zhian and other 994 comrades. A ceremony to present prizes was also held. The ACFTU called on trade union organizations and trade union personnel to learn from their advanced deeds and experiences and, with implementation of the Labor Law as the turning point and a breakthrough, to guide work in various fields and raise trade union work to a new level.

Yang Li, chairman of the Kunming City Federation of Trade Unions; He Guofang, chairman of the trade union of Jiafeng Shareholding Company, Ltd., in Shanghai; and Wu Manjin, chairman of the trade union of Biaozhi Automobile Company in Guangzhou, addressed the meeting as representatives of outstanding trade union cadres.

Representatives of outstanding trade union cadres and trade union activists from various parts of the country, veteran trade union personnel, and trade union delegations from Hong Kong and Macao, and 18 delegations from 28 state trade union organizations, numbering more than 600 people, attended the meeting. Before the meeting was held, Hu Jintao, Wu Bangguo, Wei Jianxing, and other central leaders met with the representatives and had a picture taken with them.

Wu Xueqian Signs 'Memorandum of Understanding'

OW0305142795 Beijing XINHUA in English 1338
GMT 3 May 95

[FBIS Transcribed Text] Beijing, May 3 (XINHUA)—The Chinese Association for International Understanding (CAFIU) this morning signed a memorandum of understanding with the Plan International (Foster Parents Plan) here today.

According to the memorandum, both parties will work together to start a number of programs in China's poor rural areas, with the first one to be operated in some of the poorer townships of Yanqing County, in the suburbs of Beijing.

Plan International is an international nongovernmental humanitarian organization which provides assistance for poor children and their families in developing countries using funds from private donors in developed countries. The organization aims to promote community development, and improve education and public health. At present, over 100 programs have been set up in 30 countries in Asia, Africa and Latin America.

Wu Xueqian, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and CAFIU president, attended the signing ceremony and met with Raymond Chevalier, director of the Southeast Asia Regional Office of Plan International, and his entourage.

Beijing Vice Mayor Reportedly 'Suspended'

HK0405041595 Hong Kong LIEN HO PAO in Chinese
4 May 95 p 10

[“Mainland Observation” Column by Veteran Journalist Wang Ching (3769 7231): “Zhang Baifa Has Been Suspended From His Duties”]

[FBIS Translated Excerpt] The anti-corruption storm in Beijing has really begun to rise; it is widely reported that Vice Mayor Zhang Baifa has been suspended from his duties. This is by no means simply word from the grape vine but is an actual fact. Beijing residents are waiting to see the results. Zhu Rongji was quoted by the Hong Kong paper CHING PAO as saying that, in fighting corruption, one must deal a blow at the tiger first and then the wolf, and by no means should one be lenient and soft-hearted toward either. Based on this statement, we can assume that Zhang Baifa is likely to find himself in a pretty bad situation.

The anti-corruption struggle has been ongoing since the start of reform and opening up; however, it has always been a case of loud thunder but small raindrops, and sometimes a little drizzle has been given wide publicity. This time, it has turned out to be no small matter; when Zhu Rongji said a blow would first be dealt at the tiger and then the wolf, he meant that the anti-corruption effort would no longer just be going through the motions.

Does it mean, however, that it will be carried through to the end at the expense of the fundamental principles of administering a country?

The principle of anti-corruption in the official arena should have been: “It must be opposed, but not in a big way.” But now, we are hearing Zhu Rongji, who is famous for his tough talk, turning to the anti-corruption topic. He has even said: “We have prepared 100 coffins for corrupt officials, including one for myself,” which suggests that Zhu Rongji himself is ready to fall in common ruin with the others in the fight against corrupt officials. [passage omitted]

Beijing To Put Guangdong Under 'CPC Control'

OW0405020695 Tokyo YOMIURI SHIMBUN in
Japanese 30 Apr 95 Morning Edition p 4

[By correspondent Yoshiaki Hara]

[FBIS Translated Text] Beijing, 29 April—President Jiang Zemin's government has steadily strengthened its group leadership through anticorruption campaigns. In its fight against corruption, it recently dismissed Chen Xitong, CPC secretary of the Beijing Municipal Committee, from the top post in Beijing, China's capital. According to a source here, the campaigns' next objective is to put Guangdong Province under complete government and CPC control because the province remains adamant in its bid to break away from the central government. The government and the CPC plan to subject the province to their rule in response to complaints from inland provinces that envy Guangdong's economic progress, to tackle an urgent task of narrowing economic disparities between coastal and inland provinces, and to achieve balanced economic development.

According to the same source, anticorruption campaigns, excluding a crackdown on corruption involving individuals, have been carried out in accordance with a timetable. Beijing has promoted the campaigns with a sense of crisis in that “corruption affects the nation's fate.” It probed corruption in the Ministry of Foreign Trade and Economic Cooperation [MOFTEC] and in the Ministry of Internal Trade [MIT] before unearthing graft during Beijing City's redevelopment.

The corruption case at MOFTEC occurred in connection with the ministry's authority to allot export quotas to domestic companies. Meanwhile, the corruption at MIT was related to a domestic commodity distribution system. It is said that the dismissal of the internal trade minister in February was decided based on the results of the probe into these corruption cases.

Last autumn, during a CPC Central Committee general meeting, the Jiang government took over power from the second generation represented by Deng Xiaoping. Another source here said: “The government can now exercise its power without regard for the feelings of Deng or other senior party members.” In its anticorruption

campaigns, the Jiang government recently dismissed the internal trade minister, unearthed a scandal involving the executives of the state-run Capital Iron and Steel Company, with whom the Deng family have had close relations, and ousted Beijing Municipal Committee Secretary Chen from his post because he promoted the Beijing and Wangfujing's redevelopment without obtaining the State Council's permission. The Jiang government appears to have done these things to demonstrate its power.

Sources here point out that Guangdong Province will be the government's next target because political fighting against corruption in Beijing has let up. The province has come under strong criticism not only from the central government, but also inland provinces, which lag behind Guangdong in economic development, because it has enjoyed the advantages of China's reform and open-door policy while opposing Beijing's economic policy for China as a whole. It is also said that Jiang and Vice Premier Zhu Rongji hold a grudge over Guangdong opposing a plan to change the tax revenue allotment ratios between Beijing and local governments from four to six to six to four for the reconstruction of public finances. Its opposition delayed the implementation of the plan until 1994.

In March, Dongguan, former Guangdong Municipal People's Congress Standing Committee vice chairman, was arrested for suspicion of accepting bribes. His arrest shocked all the people in the province. Nonetheless, it is said that Beijing intends to carry out a full-scale crackdown on corruption in Guangdong to completely subject the province to its rule.

If the central government succeeds in ruling Guangdong, its political power and control over macroeconomics will be strengthened. During the recent National People's Congress meeting, Beijing leaders clarified their intention to give importance to promoting economic development in inland provinces, which have been left behind in economic progress. Anticorruption campaigns are also economic activities by Beijing, which aims to realize a balanced economic development.

More Developments in Beijing Probe Reported

HK0405025995 Hong Kong LIEN HO PAO in Chinese
2 May 95 p 1

[“Special Report” from Beijing: “Wang Baosen Reportedly Transferred Millions of U.S. Dollars in Foreign Exchange to Do Business in Hong Kong; Beijing Anticorruption Investigation Team Arrives in Hong Kong to Investigate Wang’s Economic Case”]

[FBIS Translated Text] A CPC Central Committee investigation team led by Wei Jianxing has recently left for various localities to investigate the Beijing economic case, including one group which has arrived in Hong Kong to thoroughly examine the Wang Baosen case.

In Beijing, it is said that former party secretary of the Beijing Finance Bureau, who is the wife of former Beijing party secretary Chen Xitong, has been detained for interrogation. Chen Xitong's youngest son Chen Xiaotong has also been detained for his involvement in the case. According to a source, Chen Xiaotong is being charged with making an exorbitant profit of 20 million yuan in the course of the dismantling, removal, and preparations for a large project, which shocked China and the world. Chen Xitong's wife is also suspected of being involved in the Wang Baosen case.

The source revealed that Wang Baosen's major problem, which is under investigation, is that he illegally transferred 10 million U.S. dollars from Beijing, kept the money in Hong Kong in the form of retention, and made profits by doing business under the name of a company registered in Hong Kong. However, there are not any records of any financial transactions in Beijing.

After gaining power over major issues, Wang Baosen began hunting for women. He abused his power to allow his mistress make huge profits from a project. Beijing officials complained about the problems with Wang Baosen, but Chen Xitong turned a deaf ear to their complaints.

The Beijing source said that the Wang Baosen case was exposed by his economic partners directly to the top levels of the CPC when they were denied their promised benefits. The top levels gave directives on dealing with it as a major case. Informed of this, Wang realized that he was in trouble and committed suicide.

Some leaders at the top levels of the CPC believe that Chen Xitong was suspected of covering things up and acting on his own with regard to the Wang Baosen case. Some people in Beijing also said that Wang Baosen had not become a target of investigation because was protected by Chen Xitong.

Although Wei Jianxing has stressed stability after assuming his new office of secretary of Beijing CPC Committee and has relayed Jiang Zeming's directives, his primary task is to make arrangements for the Central Investigation Team and comprehensively take over the work of Beijing before the municipality is paralyzed.

Some other relevant officials in Beijing have been told to expose one another and the Municipal Planning Commission, Foreign Economy and Trade Commission, and Finance Bureau have become the main targets under investigation.

Due to worries that the investigation will not be thorough or the details of the case might be leaked, the central government organs have brought in a number of personnel from outside to work in Beijing.

Beijing officials say that the 29-character principle of “keeping sober-minded, calmly judging the situation, exerting ourselves, sticking to the posts, each attending to his duties, and working hard,” relayed by Hu Jintao a

few days ago was personally written by Jiang Zemin for the document. According to estimates by the majority of people, it is unlikely that Chen Xitong will resume his duties and he might not have a chance of retaining his titles of member of the CPC Central Committee's Political Bureau and deputy to the National People's Congress [NPC].

According to another report, Deng Xiaoping's wife Zhuo Lin has recovered from her illness and is returning home from the 301 Hospital. Reportedly, Deng Xiaoping is also in good health for the time being.

Forum on Nonparty Cadres Held in Beijing

OW0305131995 Beijing XINHUA Domestic Service in Chinese 1010 GMT 27 Apr 95

[By RENMIN RIBAO reporter Zhang Yan (1728 0917) and reporter Chen Yan (7115 7159)]

[FBIS Translated Text] Beijing, 27 Apr (XINHUA)—A national work forum on cultivating and selecting non-party cadres ended in Beijing today. The meeting pointed out emphatically: Party committees, organization departments, and united front work departments at all levels must adhere to the party's basic line unwaveringly for 100 years, uphold and perfect the CPC-led multiparty cooperation and political consultative system, take into consideration the overall situation of reform, development, and stability, recognize the significance of cultivating and selecting nonparty cadres, and further enhance their awareness in this field. Party committees at all levels must regard the task of cultivating and selecting nonparty cadres as a top priority and place it on top of the agenda. They must conscientiously strengthen leadership and do a good and solid job in this field.

The meeting was jointly held by the Central Organization Department and the Central United Front Work Department on 25 April. Attending the meeting are responsible comrades from provincial, autonomous regional, and municipal organization departments and united front work departments nationwide; responsible officials from personnel departments of central and state organs; and leading comrades from some prefectures and cities. The participants totaled 200.

Wang Zhaoguo, vice chairman of the National Committee of the Chinese People's Political Consultative Conference and director of the Central United Front Work Department, and Zhang Quanjing, director of the Central Organization Department, gave speeches at the meeting.

According to the briefing, since the Third Plenary Session of the 11th CPC Central Committee, the party has scored marked achievements in cultivating and selecting nonparty cadres. Especially since the "The CPC Central Committee's Opinions on Upholding and Perfecting the CPC-Led Multiparty Cooperation and Political Consultative System" were relayed, we have made even greater

progress in accomplishing this task. A great number of outstanding nonparty men and women have been promoted to leading positions of various levels and played an active role at their posts. According to statistics, by the end of 1994 a total of 1,512 cadres who are members of democratic parties or without party affiliation serve in provincial, prefectural, and county governments nationwide. Among them, 18 are vice governors and vice chairmen of autonomous regional governments, 157 are deputy administrative commissioners, vice mayors, and deputy heads of autonomous prefectures; 364 are deputy heads of districts of municipalities; and 973 are deputy heads of counties and cities. Compared with 1990, the number of nonparty cadres working in governments at provincial, prefectural, and municipal levels increased 59.2 percent in 1994. The number of government leading groups that include nonparty cadres is increasing as well. Provincial governments including nonparty cadres increased from 26.7 percent to 60 percent. A number of nonparty personages are invited by judicial and government organs to serve as special supervisors, procurators, assessors, auditors, and educational inspectors. A certain number of nonparty personages serve as officials in local governments at all levels.

In his speech, Wang Zhaoguo fully affirmed the achievements scored in the past. However, he said: We should realize that there is still a gap between the present situation and the goal set by the CPC Central Committee. Leading cadres in some localities and units need to enhance their awareness of cultivating and selecting nonparty cadres. He pointed out: Cultivating and selecting nonparty cadres is an actual reflection of the socialist political system with Chinese characteristics and an important step to help members of democratic parties or people without party affiliation play their role in participating in political affairs and in democratic supervision. It is a demand set by the people's democratic regime led by the CPC and a necessary measure in strengthening socialist democratic construction. We must fully understand that cultivating and selecting nonparty cadres is not an expedient measure, but a policy we must adhere to for a long time to come; and it is not an issue we can easily neglect, but a task of vital importance to the party and the state. We must make tremendous efforts in it.

Wang Zhaoguo urged united front work departments and organization departments to closely cooperate with one another under the unified leadership of party committees and work together to do a good job in cultivating and selecting nonparty cadres.

In his speech, Zhang Quanjing, director of the Central Organization Department, said: The Central Organization Department and the Central United Front Work Department did some research and determined the guiding ideology for cultivating and selecting nonparty cadres for the present and the future. The guiding ideology is: Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and

the party's basic line, we must resolutely carry out the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee, uphold the principle of four modernizations, and attach importance to both ability and political integrity in cultivating cadres. We must emancipate minds, seek truth from facts, stress the cultivation of nonparty cadres, lay solid foundation, facilitate the promotion of nonparty cadres, conscientiously educate and select nonparty leading cadres who are able to shoulder heavy responsibilities in the next century and serve reform, opening up, and modernization. On behalf of the two departments, Zhang Quanjin put forward the goals in the field of cultivating and selecting cadres in the next several years.

Commenting on cultivating and educating nonparty cadres, Zhang Quanjin said: First, we must strengthen ideological education among nonparty cadres in a planned way and continuously raise their political quality and ideological level; second, we must put more stress on practical training; third, we must offer support to democratic parties' self construction; and fourth, while cultivating nonparty cadres, we must start with grass-roots units and focus on cadres at the county level.

Zhang Quanjin urged: We must intensify efforts in cultivating and selecting nonparty cadres. We must get rid of stale concepts, overcome conservative ideas, broaden our vision when selecting cadres, improve the selection system, strictly follow selection procedures, and explore new ways of selecting nonparty cadres. At the same time, we must formulate some necessary policies and measures to ensure the accomplishment of our goals.

Article Marks Trade Union Anniversary

OW0305132295 Beijing XINHUA Domestic Service in Chinese 0801 GMT 27 Apr 95

[By reporters Zhou Liang (0719 0081) and Chu Baoping (2806 0202 1627): "Carry Forward the Traditions and Open Up the Future—on the Occasion of the 70th Anniversary of the All-China Federation of Trade Unions"]

[FBIS Translated Text] Beijing, 27 Apr (XINHUA)—The All-China Federation of Trade Unions [ACFTU] will celebrate its 70th birthday on 1 May this year. Over the past 70 years, Chinese trade unions, under the leadership of the CPC, have gone through two great revolutions in three historical stages—the new-democratic revolution and socialist revolution; the stages of construction, reform and opening up; and creating a situation of socialist modernization—thus bringing about two great liberations of China's working class and laboring masses. Under the party's correct leadership, Chinese trade unions currently are marching in a new style toward a new century.

I.

The CPC attaches great importance to and supports trade union work. Over the past 70 years, trade union

organizations and their members have successfully accomplished a triple jump; trade union membership has continued to increase; trade union organizations have been established across the motherland.

—From 1922 to 1949, trade union members increased from 230,000 to 3.7 million.

—From the founding of New China to 1957, trade union members increased by 12.619 million. Currently, the number of trade union activists alone is 4.093 million, and there are 165,000 grass-roots trade union organizations.

—Since the country began reform and opening up, Chinese trade unions have ushered in another spring. During the 15 years from 1979 to 1993, trade union members increased from 51.473 million to 101.76 million, an increase of 97.7 percent; grass-roots trade union organizations increased from 329,000 to 627,000, an increase of 90 percent.

Chinese trade unions have adhered to the principle of "independence, self-determination, and establishing wide contacts"; have held high the banner of peace, development, and safeguarding workers' rights and interests; have engaged in large numbers of bilateral and multilateral friendly exchanges and cooperation; and have actively participated in international workers movements, making positive contributions to accelerating social progress and promoting solidarity of international workers movements. Currently, Chinese trade unions have established and developed friendly relations with important trade unions of all factions in more than 140 countries and regions; their relations with trade unions of our neighboring countries are the best ever.

II.

After the Third Plenary Session of the 11th CPC Central Committee, Chinese trade unions correctly positioned themselves among the state, enterprises, and workers. They have carried out work centering on four functions—"safeguarding," "construction," "participation," and "education"—making due contributions to the state's construction.

Trade unions organizations have conducted in-depth investigations and studies and have actively participated in and discussed government and political affairs. They put forward to the party and government the "Suggestions on Transforming Operating Mechanisms to Speed Up the Building of a Workers Social and Medical Insurance System," "Suggestions on Reforming Workers' Welfare System and on Promoting the Socialization of Enterprise Logistics Services," and many other suggestions. Many of these suggestions have been included in documents related to reform. The ACFTU took part in the study and formulation of tens of laws and regulations, including the "Labor Law" and the "Social Relief Law". Trade unions in all localities also have taken part in local legislative work.

The country's trade union establishment has extensively promoted democratic management in enterprises, placing the focus on increasing enterprise vitality, improving management, promoting technological progress, and improving efficiency. From 1986 to 1993, workers across the country put forward more than 140 million rationalization suggestions, reaping 148.37 billion yuan in economic results. Workers congresses' evaluations of cadres' performances and their supervision over cadres have fostered closer relations between cadres and the masses of workers and have promoted administrative honesty. In 1993, 155,000 units in the country democratically evaluated the performances of 1.61 million leading cadres at various levels of enterprises. Based on the results of the evaluations, 184,000 cadres were given rewards and 15,000 cadres were removed from their leading posts.

Trade union organizations have also earnestly performed good and practical deeds for the masses of workers. They have established employment agencies which have arranged placements for 578,000 workers and have trained nearly 780,000 workers who had left their original posts. They have conveyed their warm concern to poor workers and workers in difficulty. They have established more than 20,000 funds for helping poor workers, raised more than 400 million yuan in funds, and established more than 30,000 workers mutual-assistance supplemental insurance organizations which provide insurance to 10 million workers. They have shown concern for retired workers. They have established more than 100,000 activities centers for retired workers and service centers for aged workers. Some 67,000 grass-roots trade unions have set up schools and training classes for workers which are attended by 1.3 million workers annually. Quite complete workers cultural networks and systems at various levels have basically been established, which include 33,000 workers clubs and 190,000 workers libraries.

III.

The past years were full of events and, looking into the future, the tasks are heavy and the way is long.

While we commemorate ACFTU's 70th anniversary, economic and labor relations are undergoing in-depth changes in the process of building a socialist market economic system in China. The party, government, and workers all have new and more stringent demands on trade unions.

—The CPC needs trade union organizations to show concern for the hardships of the masses of workers; to reflect the masses of workers' wishes, voices, and demands; to foster closer relations between the party and the masses of workers; and to serve as a bridge linking the party and the masses of workers.

—Governments at all levels need trade unions, on behalf of workers, to better coordinate labor relations and

social interests, and to help government deepen reform, accelerate development, and maintain stability.

—The broad masses of workers need trade unions, keeping laborers' interests in mind, to make their voices better heard; to do more things for them; and to better ensure their working rights, material benefits, and democratic rights.

Since the beginning of the 1990's the pattern of interests between the state, enterprises, and workers has gradually changed. Workers' employment, distributions, labor protection, collective welfare, and other tangible interests, which used to be issues between workers and the state, have gradually become issues between workers and enterprises, and have become increasingly market- and contract-based. In addition, workers have come from more diverse sources—the 20 million once-peasants working for town and township enterprises have become new members of the working class, and the 15 million people working for foreign-funded and private enterprises also have become a new source of supply of workers. These new realities call for trade unions to strengthen their function in safeguarding workers' legitimate rights and interests and to open up a new way for carrying out trade union work of Chinese style.

We are glad to see that Chinese trade unions are poised to usher in a new century and take on new challenges with a positive attitude. Facts over the last 70 years prove that Chinese trade unions have served well as a bridge linking the party to the masses of workers, as the representative and protector of the interests of Chinese workers, and as an important social pillar of the state's political power. In marching toward the 21st century, Chinese trade unions are definitely able to shoulder the heavy tasks bestowed by history.

Family Planning, Population Growth Discussed

OW0305140495 Beijing BEIJING REVIEW in English
No 18, 1-7 May 95 pp 12-15

[Article by staff reporter Wang Xin: "Population Vs Development: Challenge of the New Century"]

[FBIS Transcribed Text] With a clear first cry, a 3,700-gram boy baby came into this world in the early morning of February 15, 1995. Despite his parents being ordinary citizens, both the father Zhao Yanqing and mother Li Yinhua are Beijing factory workers, the baby's birth aroused extraordinary attention throughout the country. For this infant was the 1.2-billionth Chinese citizen.

Soon after this birth, State Councillor and Minister of the State Family Planning Commission (FPC) Peng Peiyun and Beijing Vice-Mayor He Luli came to Beijing Gynecological and Obstetric Hospital to congratulate the happy couple and to celebrate the nine-year delay of the "1.2-billion population day", thanks to effective population control over the past quarter century. If China's population had maintained the 1973 annual growth rate

of 27.9 per thousand, the 1.2-billionth citizen would have been born as early as 1986, Peng said.

300 Million Fewer Births

Since China adopted a population control policy in the early 1970s, experts believe that 300 million fewer people have been born. The figure is about equal to the total population of Brazil and Russia.

Meanwhile, state statistics show that the country's per capita annual income shot up from 235 yuan in 1970 to 2,200 yuan in 1994. This success cannot be separated from effective population control in addition to the productivity brought about by the reform and opening policies.

China's task is part of international efforts to seek a balance between population, sustainable economic growth and limited natural resources. According to UN statistics, 55 percent of couples of child-bearing age in developing countries have had access to family planning methods, while in China the figure is 75 percent. As the world's natural population growth rate stands at 25 per thousand, China has brought the rate down from 25.83 per thousand in 1970 to 11.45 per thousand in 1993. A new human reproduction mode featuring low rates of birth, low infant mortality and low natural growth has taken shape among China's urban population.

While setting the targets for the country's modernization drive, China targeted an 8 or 9 percent annual GDP growth rate and a natural population growth rate lower than 12.5 per thousand for the 1990s, hence giving population control the same strategic importance as economic advancement.

The Heavy Wings

But the birth of this 1.2-billionth citizen has sounded alarm bells rather than being a cause for celebration. The number 1.2 billion is an enormous base from which even a strictly checked growth rate of 11.45 per thousand would result in about 14 million more people a year for the country to support, roughly equal to the present Beijing population.

Wu Cangping, vice-chairman of the Family Planning Society of China, worries that China's population will not stop growing, as it has in the developed countries, until the mid-21st century. On the contrary, there will be a population of 1.57 billion by 2044.

When this number is correlated with the country's economic potential, very limited natural resources and fragile ecology, the problem becomes even more acute. According to a 1993 report by the World Bank, China's GDP in 1991 hit US\$369.7 billion, ranking it 10th in the world. But it dropped to 95th place when the figure was divided by the then gigantic population of 1.15 billion, resulting in a per capita share of merely US\$370.

Wu described the country's limitless labor supply as "actually more of a burden than an asset". According to Labor Ministry statistics, China currently has a surplus rural labor force of 190 million, which is expected to reach 200 million by the turn of the century. Experts thus predict that within the coming decade China will face the pressure of providing jobs for an additional 210 million laborers from the countryside and 68 million in urban areas.

To sustain a better life, the experts say, an annual 400 kg share of cereal for per person is essential. However, in 1993, when the country achieved a record high yield of 456 million tons, the per capita share was no more than 385 kg. The state had to import nine billion kg of grain in each of the past six years to feed the nation. It is estimated that even with an expected output of 500 million tons, the share for each person can scarcely maintain the 1993 level due to the overgrowing population. Furthermore, the nationwide progress in industrialization and urbanization has been gobbling up 300,000 hectares of cultivated land yearly, thus cutting the potential increase in cereal yield.

What the over-population crisis portends is not only tension over food and job opportunities, but also endless pressure for adequate housing, transportation, education, health care, social welfare, security for the aged and public facilities. The 1990 general census indicated that 16 percent, or 180 million, of Chinese citizens older than 15 were either illiterate or undereducated.

Numbers might be tedious to read, but the following figures demonstrate how China's economic takeoff will be checked if it is burdened with an unchecked and burgeoning population.

China's population accounts for 21.4 percent of the world's total, while its arable land covers only 7 percent. The per-person share is no more than 0.086 hectare, one-quarter the world's average. While the sowing acreage dwindles, farmland is affected by pollution and over cultivation, and one-third of the land is threatened by soil erosion.

Although the country's forest coverage rate has expanded from 8.6 percent in the 1950s to the present 13.4 percent, the per-person share is only 0.11 hectare, or 11 percent of the world level.

While China's freshwater resources rank sixth in the world, the average person enjoys only a quarter of the world's average share. There are more than 300 cities and towns in the country where there is a shortage of water; and 50 million farmers and 30 million livestock have no guaranteed supply of drinking water.

Overgrazing and reclamation of farmland has turned a quarter of the country's grassland into deserts or has caused degeneration.

Not only the quantity but the quality of the population is hindered by insufficient education and nutrition, posing a direct challenge to China's modernization goals set by the country's "Agenda 21".

Taking Up the Challenge

"Any family has to decide its size and to space children according to its own economic condition, how much more so in a country like China, with its huge population base and limited natural resources," Family Planning Minister Peng said. China's population control has therefore become a must, Peng explained. The state population control policy advocates late marriage and late childbearing, fewer but better births, and each couple having only one child. Meanwhile, it calls for a rise of educational levels and population quality.

Peng noted that the state's current reigning in of the population size is for the sake of every Chinese household, as well as for the coming generations.

In a bid to intensify its efforts, the State Council adopted a family planning program for the period 1996-2000. Taking into account the country's economic and social development factors as well as its resources, environmental and population reality, this requires that the country's natural population growth rate be further brought down below 10 per thousand, and the population size remain under 1.3 billion at the turn of the century.

But this is easier said than done. Officials within the State FPC admit that family planning has been uneven in different parts of the country; the present low birth rate is still vulnerable; differences remain between the state policy and some families' will to have more children; family planning administration and services have been unable to cover every remote rural area; and the increasing floating population of rural surplus laborers has brought added difficulties for population control. All these have motivated the central government to turn population control over to local governments.

At a recent national conference on family planning, President Jiang Zemin demanded that government at all levels work out a local strategy coordinated with the economic and social development, which is expected to be implemented with the concerted efforts of government departments and relevant nongovernmental organizations. He suggested a concentrated effort in the country's rural areas, persuading farmers to have fewer children, to become better off more quickly. "Any slackening in the family planning programs at any time cannot be permitted," the president noted.

Premier Li Peng called for a "scientific population plan" to be implemented as local governments revise their economic and social development programs for the period between 1996-2000 and for the longer period till the year 2010. The schemes should both be able to effectively stem the population boom and be practical for the grass-roots administrations to implement.

Seeking Public Assent

Minister Peng attributed the existing and future success in population control to people's understanding and

support. Bearing this in mind, the government has placed the utmost importance on spreading awareness of the state policy and basic knowledge regarding family planning. "We let families become conscious of their own immediate interests and that of the nation, and let them make wise choices, according to their own will," Peng added.

Family planning service centers can be found in virtually every city and town, as well as most rural areas. They provide information on sexual health, scientific child-birth and childrearing practices, and deliver contraceptives, all free of charge.

The state spends some 100 million yuan each year providing free contraceptives. According to the FPC officials, China's production of contraceptives and related technology have reached advanced international standards. The volume and varieties it produces are sufficient to meet domestic demand, with a great quantity sold on the world market. Another considerable sum, though uncalculated, has been invested in establishing 19 research institutions studying safe family planning technology.

In many regions across the country, insurance policies and products have been explored for the only child, for abortive and contraceptive operations, care for the aged, and for the health care of mothers and children.

In the urban areas, those couples who choose to defer marriage enjoy a longer wedding leave; the "only children" are given monthly health subsidies; mothers who have decided to have only one child have a six-month maternity leave with full pay; and favorable treatment is provided in housing, child care and schooling for urban volunteers. Rural couples with only one child enjoy favorable terms in contracting land for farming and land for residential construction.

Crude and severe methods in the family planning program in some areas has been admitted by the FPC officials, but they say such behavior by no means represents the mainstream of overall efforts. "Otherwise, our work could be stifled at the very beginning, much less making the notable achievements we have to date." According to the population officials, the FPC is retraining FP workers in the state policy, service skills and contraceptive techniques, in a bid to improve their quality and service to the people.

China Reveals Information on Dissidents

HK0405100895 Hong Kong AFP in English 0924 GMT
4 May 95

[FBIS Transcribed Text] Hong Kong, May 4 (AFP)—China has revealed information on 19 of its prisoners to a U.S. human rights activist, shedding light on the fate of some dissidents who have been jailed for as long as 12 years.

John Kamm, a China business consultant, said Chinese officials informed him last week on the status of 19 of 25 prisoners whose names he submitted to the State Council Information Office and the Ministry of Justice in February.

The 19 prisoners were jailed from eight to 15 years on charges ranging from plotting to overthrow the government to shouting slogans for an independent Tibet, Kamm said in a statement.

The prisoners included Yang Lianzi, 49, who was given a 15-year term after being detained in June 1989 following the pro-democracy crackdown in Beijing that culminated in the Tiananmen Massacre.

Yang was a well-known figure to those who followed at first hand the events in Tiananmen Square. According to the official 1991 Beijing Yearbook, "after the announcement of martial law, Yang roamed around Tiananmen Square wearing a headband bearing the words 'Wild Man of China.'"

Tibetan Jigme Sangpo, 68, was sentenced to 15 years in jail in November 1983 for attempting to overthrow the Chinese government. His sentence was increased by five years in 1985 and later by eight years in 1991 for shouting slogans advocating the independence of Tibet.

Zhang Baosheng, detained on August 24, 1989 was also sentenced to 15 years for allegedly participating in an attempted murder during the pro-democracy protests in Beijing.

Tong Yi, 28, was sentenced to two and a half years of reeducation through labor on December 21, 1994, for forging an official seal.

Tong was the secretary of China's best known dissident, Wei Jingsheng, whose whereabouts are still unknown after he was arrested by authorities.

Kamm said the two Chinese organisations had agreed to review lists of 25 prisoners every three months.

Shougang Managers Receive Suspended Sentences

HK0405053495 Hong Kong AFP in English 0515 GMT
4 May 95

[FBIS Transcribed Text] Beijing, May 4 (AFP)—Two senior executives of China steel giant Shougang, embroiled in financial scandals that led to the resignation of the company's president in February, were sentenced to death for economic crimes, official sources said Thursday [4 May].

Shao Jun, director of subsidiary Shougang Shipping Co., was given a suspended death sentence in January by Beijing Intermediate People's Court, said sources at the metallurgical ministry. He was accused of accepting 640,000 yuan (76,000 dollars) in bribes.

Yang Liyu, assistant deputy general manager of the Beijing Iron and Steel Co. of Shougang, another of the

group's subsidiaries, also received a suspended death sentence for allegedly accepting 320,000 yuan in bribes. Zhao Dongxiang, deputy general manager of the same company, was sentenced to 10 years in prison.

The chairman of Shougang, Zhou Guanwu, resigned in February a few days before the arrest of his son Zhou Beifang for alleged fraud. Zhou Beifang was the head of Shougang's two subsidiaries in Hong Kong. One of them, Shougang Concord International, was also directed by Deng Zhifang, the son of China's paramount leader Deng Xiaoping. Deng Zhifang was also questioned in the case, according to unconfirmed reports.

Shougang, or Capital Iron and Steel, one of China's largest companies, was chosen by Deng Xiaoping as a model for his free-market economic reforms launched in the 1980s.

Youth Day Celebration Held at University

OW0305153995 Beijing XINHUA in English 1523
GMT 3 May 95

[FBIS Transcribed Text] Beijing, May 3 (XINHUA)—A student symphony orchestra performed a Western tune to raise the curtain for a joyous night on campus here tonight.

Some 7,000 students rushed out of the dormitories of the Chinese People's University to dance and sing in celebration of the May 4 Youth Day. About 400 or so among them were foreign students studying at the university.

There were also student guests from the nearby 15 universities including Beijing University, Qinghua University and Beijing Normal University.

This was the third time for People's University students to stage such a campus festival, and it was the biggest ever, according to Dai Peng, a student organizer.

"The event was completely organized by the students themselves," said the young man.

Deputy Secretary Niu Jisheng of the University Communist Party Committee declared the three-hour gala open, but he made no speech "as this is the young people's own celebration".

Traditional Chinese entertainments were arranged, such as riddle guessing, along with disco dancing.

Musical fountains were a special attraction, spouting in varying shapes to follow the rhythm of rock music coming from loudspeakers near the college gate. The musical fountains are only activated twice a year: On National Day, which falls October 1, and May 3.

Sun Zhi, a freshwoman and the deputy director of the Student News Agency, said that she had sent out all her 80 correspondents to cover the scene.

"It is time to test my ability to organize such a grand party," said Liu Wendi, a campus activist.

However, this kind of event is not rare throughout the year, said Liu Bei, a student in the Finance Department.

Last weekend noted pop singers Na Ying and Jing Gangshan were invited to sing on campus and proved very popular.

And the university has held a "Hong Kong Week" to promote academic exchanges with the territory.

Sun Zhi said that they were even expecting a visit from leading film director Zhang Yimou, who is expected to attend the annual College Student Film Festival.

Films and TV shows were two other major attractions tonight. Both foreign movies and Chinese revolutionary ones were shown, plus a TV special on US basketball star Magic Jordan's life and career.

"We just intended to create an auspicious atmosphere for our school life, and make everybody feel light-hearted," said Dai Peng.

The People's University was the first university created by the government after the founding of New China in 1949. It had its roots in Yanan, the headquarters of the Communist resistance to Japanese aggression in the 1940s.

University Called on To Continue 'May 4' Spirit

OW0405084795 Beijing XINHUA in English 0814
GMT 4 May 95

[FBIS Transcribed Text] Beijing, May 4 (XINHUA)—Prestigious Beijing University, known for its ideas and argumentativeness, was called on here Wednesday [3 May] to combine the historical with the national spirit for the 76th anniversary of the May Fourth Movement.

President Wu Shuqing said his university will be both a base for continuing China's outstanding traditional culture and a think tank for exploring the modernization program with Chinese characteristics.

The university president said that Chinese intellectuals' preserving cultural heritage and spreading the socialist system with Chinese characteristics will push the modernization process of China forward.

The birthplace of China's May 4 Movement, the first to support democracy and science in 1919, Beijing University was also the place that first introduced Marxism to China.

As the 76th anniversary arrives, students and scholars from the university have been focusing on how to understand May 4 traditions in the new circumstances.

Renowned scholar Zhang Dainian estimated that the third instance of letting one hundred schools of thought contend will come in the 21st century China. The late Chairman Mao Zedong set forth the policy of promoting progress in the arts and sciences, and the development of a socialist culture.

The patriotic enthusiasm that emerged from the May 4 movement is well known. Wang Ruichang said that the May 4 Movement has achieved three things: It publicized the idea of saving the nation and its people, and poverty giving rise to a desire for change; it called for the development of humanism; and it helped the spirit of democracy and science take root in China and made it the spiritual origin of Chinese modernization.

Wei Changhai, vice-dean of the philosophy department, said that free academic arguments and an honest style of study initiated by the May 4 Movement still deserve respect today.

Beijing University, one of China's most famous universities, has trained many world famous scholars. President Wu added that his university has the goal of becoming a first-class socialist university in the world, and a base for training senior professionals for the country and developing technology.

Zheng Jianmin, a Ph.d. student, noted that he believes that continuing to spread the spirit of democracy and science is still badly needed in today's China, but he said he is opposed to the worship of science and fanaticism for democracy.

Ying Xing and Zhou Chuanzhong, of the Sociology Department said that intellectuals feel honored as critics but have a strong feeling of being lost once they got apart from the masses of the people.

Many Beijing University students have left the campus and worked with factory workers, miners, and farmers since May 4, 1919.

As a tradition, the university's students today engage in social practices, including doing researches in poor regions and coastal areas, and taking part in the work-study program.

Li Zhenyuan, with student resources at the university, said that today's students are more mature and do not simply follow suit.

Authorities Crack Down on Pornographic Software

OW0405013095 Beijing XINHUA in English 0113
GMT 4 May 95

[FBIS Transcribed Text] Beijing, May 4 (XINHUA)—China has launched raids nationwide to confiscate pornographic software, according to the "Beijing Youth Daily" today.

The newspaper said that illegal duplication, trafficking and spreading of pornography through computer technology in China are rampant.

To prevent pornographic computer software contaminating youth, especially schoolchildren and college students, north China's port city of Tianjin took the lead in

launching a campaign against pornographic software in March this year, the paper said.

One target of the crackdown was a worker in a state-owned company in Tianjin. Li Lianguo advertised his pornographic software in a local newspaper, "Software News". Police seized more than 50 pieces of such illegal software in a raid on Li's home.

Also in Tianjin, police have searched the computer centers and students' dormitories of the city's 21 higher learning institutions. Students in 15 colleges and universities have been found indulging in using porn softwares.

A recent study showed that porn software mainly comes from abroad, and is duplicated and sold to personal computer owners, families and school computer centers.

Porn software duplicates have drawn the close attention of the public security departments throughout the country and become a new target of anti-porn campaigns, the newspaper said.

Rite Aims To Remind Youth of 'Obligations'

HK0405035095 *Beijing CHINA DAILY in English 4 May 95 p 4*

[CHINA DAILY Commentary: "Youth Upbringing"]

[FBIS Transcribed Text] An adulthood rite is scheduled to be held today, Chinese Youth Day, for 18-year-old Beijingers.

At the ceremony, 1,000 representatives of local 18-year-olds will make a vow solemnly before the national flag that from today on, they will perform full legal and social obligations expected of adult Chinese citizens.

This adulthood rite has gained much popularity in China's large and medium-sized cities since Shanghai set a precedent in 1993. Since then it has become an increasingly adopted practice of the Communist Youth League to prepare our teenagers on the verge of adulthood for the next century.

Under the Chinese Constitution, all citizens aged 18 and over have the rights to vote and to be elected. And the nation's civil codes stipulate that all citizens who have reached the age of 18 are adults and should therefore bear full legal responsibilities for their behaviour.

The adulthood rite reminds the young of their civil duties as adult citizens of the nation.

Youth are the future of society. They embody the hopes of the nation. China cannot reach its goal of becoming a moderately developed nation by the middle of the 21st century without the active participation and positive contribution of today's youth.

The government lays great emphasis on nurturing the rising generation. As senior leader Deng Xiaoping has said, an important task of the nation is to bring up a new

generation with lofty ideals, moral integrity, profound knowledge and a strong sense of discipline.

Top priority has been given to the appointment of talents, young or in the prime of their life, to key posts in government offices, enterprises and research institutes. This is another indication that the country places high expectations on the younger generation.

The relay baton will finally be passed on to today's young people in the nation's race towards modernization. The varied potential of present day youth will, to a great extent, decide the outcome of its modernization drive. On this account, education of youth is most important for the future of the country.

To ensure that our youth have moral integrity as well as technological skills, we have to fight against the baneful influence of unhealthy trends.

Decadent ideologies, such as money fetishism and hedonism, have reared their ugly heads in society again. Innocent young people are most liable to fall prey to them.

We have to cultivate in the young a sense of mission. The adulthood rite is one means of doing so.

We must bring up youth who measure up to the tasks future history will surely demand of them.

'Roundup' Views Rural Accelerated Development

OW0405093495 *Beijing XINHUA in English 0726 GMT 4 May 95*

[("Roundup: China Accelerates Development of Rural Towns"—XINHUA headline]

[FBIS Transcribed Text] Beijing, May 4 (XINHUA)—China has sped up the development of rural towns to absorb more surplus rural laborers, and improve the living conditions of rural residents.

According to the Ministry of Construction, the number of rural towns increased from 10,000 in 1989 to 14,000 by the end of last year, as China's rural economic reform since the late 1970s has greatly pushed up the development of rural economy.

By the end of last year, farmers had built housing with a total floor space of 9.1 billion square meters, with more than half of them having moved into new dwellings.

Rural areas have supplied enough running water for 370 million people, accounting for 40 percent of the rural population. They also have built 2.4-million kilometers of roads, about 80 percent of the total in the countryside, and provided electricity to 2.67 million villages, accounting for more than 70 percent.

The boom in rural industrial enterprises has helped transform and develop existing towns, industries, and the service trade in particular.

According to the latest statistics, rural industrial enterprises generated more than 1 trillion yuan last year in gross domestic product, accounting for 30 percent of the national total, and provided jobs for 120 million surplus rural laborers.

Roads have been built and telecommunications facilities installed in remote northwestern China's Xinjiang Uygur Autonomous Region with the growth of rural towns.

A recent survey showed that 40 percent of the 158,000 herdsmen and women in the region, one of China's five major pastoral areas, have stopped their nomadic life and settled down in areas provided with housing, roads, water, and fodder.

Of 300 rural towns in the Ningxia Hui Autonomous Region, 293 are linked by telephone service, and almost all towns and villages have electricity.

In Anhui Province, one of China's agricultural producers, rural towns are similar to county seats with services such as schools, hospitals, kindergartens, old folk's homes, and recreational facilities. People in these towns have the benefits of a modern life.

Urbanization for rural people is an arduous task in China, a government official said, but the Chinese government attaches importance to the development of small rural towns, and helps guide their development.

The official said that rural towns, built along the lines of urbanization, modernization, and socialization, will, in the near future, grow in still greater numbers.

Science & Technology

Nation Produces Spent Nuclear Fuel Vessels

OW0405085095 Beijing XINHUA in English 0840
GMT 4 May 95

[FBIS Transcribed Text] Beijing, May 4 (XINHUA)—China has produced its first group of transportation vessels for the used fuel of nuclear power plants.

According to sources here, six PY-IA type vessels have passed inspection by the China National Nuclear Safety Bureau (CNNSB), allowing spent fuel to be shipped from nuclear plants for processing.

This accomplishment puts China among the few countries in the world capable of producing the equipment necessary for nuclear containment, the sources said.

The approval of the vessels, designed by researchers with the China National Nuclear Industry Corporation, was issued by CNNSB in March last year.

China has said that it will develop nuclear power to improve its supplies of electricity, which rely predominantly on coal as the primary source of energy.

Two nuclear power plants, Qinshan and Daya Bay, in the coastal area with a total generating capacity of 2.1 million kw, are operating. Their spent fuel has to be put down in storage pits inside the plants before being transferred for processing.

Reportage on Li Peng's Activities on 2 May

Visits Technology Achievements Show

OW0405052095 Beijing XINHUA Domestic Service in Chinese 1552 GMT 2 May 95

[By RENMIN RIBAO reporter He Jiazheng (0149 0502 2973), Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391), and XINHUA reporter Wu Jincai (0702 6930 2088)]

[FBIS Translated Text] Beijing, 2 May (XINHUA)—When Li Peng, Standing Committee member of the CPC Central Committee [CPCCC] Political Bureau and premier of the State Council, visited the Second National Show of Industrial Enterprises' Technological Progress and Achievements at the Beijing Exhibition Center this evening, he pointed out: Enterprises must change the concept of simply relying on capital construction for development. Instead, they must rely to a greater extent on scientific and technological progress for the improvement of product quality and economic returns and to increase product range. This is an important way out for China's industrial development.

Ablaze with lights on the festive occasion, the Beijing Exhibition Center was permeated with an atmosphere of gaiety. The Second National Show of Industrial Enterprises' Technological Progress and Achievements going on here displayed a collection of tremendous achievements scored by China's enterprises in technological progress in the past 15 years since the implementation of reform and opening up and, in particular, since the 14th National Party Congress decided to establish a socialist market economic system.

Li Peng arrived at the Beijing Exhibition Center at 1915 local time and was accorded a warm welcome by units and representatives of enterprises participating in the show. One by one, he zestfully visited the 23 halls in the center. At the communications hall, Li Peng attentively took a look at a diagram showing a project to dredge and improve navigational lanes at the mouth of the Chang Jiang. He enquired of the comrade in charge of the Ministry of Communications about the progress of the project. In front of the hall of the Yangzhou Bus Factory, the premier remembered his "quizzing" the factory director in Yangzhou a year ago. He asked with concern: How are the sales of your products? After getting a satisfactory reply, he smiled happily.

At many halls, Li Peng paid close attention to the new technologies and products developed by China's enterprises as well as their efforts to narrow the gap between their level and the advanced level abroad. After hearing

a briefing on Chinese-developed high quality monocrystalline silicon at the nonferrous metals hall, he said approvingly: "Very good." He praised China's crude oil shipping and unloading facilities and the "Shengli-2" oil exploration ship. At the printing hall, he took a careful look at beautiful picture albums printed by China and enquired about paper used and color separation. At the posts and telecommunications hall, he listened to a briefing by Posts and Telecommunications Minister Wu Jichuan on the development of such new technologies as postcode inquiry via microcomputer and so forth, and watched a demonstration with keen interest.

During his visit to the center, Li Peng pointed out: A relatively complete system of technology development has taken shape in China's industrial sector. In particular, industrial enterprises made tremendous progress in the development of technologies after the implementation of reform and opening up. In the future, it is necessary to pay attention to turning the items on display here into economically serviceable products with good performance. Enterprises must change the concept of simply relying on capital construction for development. Instead, they must rely, to a greater extent, on scientific and technological progress for the improvement of product quality and economic returns and for the increase of product range. This is an important way out for China's industry. There is no way out for an enterprise if it is not backed up by advanced technologies and products. He stressed the show fully proved the fact that all those large and medium-sized state enterprises that are run successfully have gained an important experience, namely, relying on technological progress. Large and medium-sized enterprises constitute the principal part of enterprises that carry out industrialization of scientific and technological achievements. The "industry-schools-scientific research institutions [chan xue yan 3934 1331 4282]" integration is an important orientation. It is necessary to encourage and support large and medium-sized enterprises and enterprise conglomerates whose conditions permit establishing technological centers.

Jiang Chunyun, member of the CPCCC Political Bureau and vice premier of the State Council; State Councillors Song Jian, Li Guixian, Chen Junsheng, and Luo Gan; and He Chunlin and Wang Zhongyu, comrades in charge of relevant departments visited the show together with Li Peng.

The show sponsored by the State Economic and Trade Commission has attracted 300,000 visitors since its opening on 26 April. It is scheduled to close on 3 May.

Stresses Importance of Technology

OW0205164195 Beijing XINHUA in English 1541
GMT 2 May 95

[FBIS Transcribed Text] Beijing, May 2 (XINHUA)—Premier Li Peng today urged Chinese enterprises to rely

more on technological progress to improve their product quality and economic returns, and increase their product variety.

"This is an important way out for China's industry," Li said while visiting an exhibition of technological progress in industrial enterprises being held in the Beijing Exhibition Center tonight.

The Chinese leader said, "Chinese enterprises must change the concept of relying purely on capital construction for development."

He said that, through the reform and opening up, industrial enterprises throughout the country have scored tremendous achievements in technological development.

He also called for efforts to turn the exhibited items into quality products as soon as possible.

The exhibition demonstrates that efficient major state-owned enterprises all rely on technological progress, he said.

Such enterprises constitute the principal part for the application of research findings to production, he said, adding, "We should encourage major enterprises and enterprise conglomerates to set up technological centers when possible."

The exhibition, which opened on April 26, is scheduled to close tomorrow.

Longest Optical Cable Project Under Construction

OW0405114695 Beijing XINHUA in English 1030
GMT 4 May 95

[FBIS Transcribed Text] Beijing, May 4 (XINHUA)—Construction of China's longest optical cable project, which connects most areas in the southern China has started in southeast China's Fujian Province.

Using the World Bank's loans, the national first-grade digital optical cable is the country's first key telecommunications project that has been launched through public international bidding. As a result of the bidding, the Fujian section of the cable is to use optical cables made by Germany and photoelectric transforming equipment made by the Republic of Korea.

The cable line will link the cities of Fuzhou, Hangzhou, Guiyang and Chengdu, or running through six provinces of Fujian, Zhejiang, Jiangxi, Hunan, Guizhou and Sichuan in southern China. It is expected to go into operation before the end of this year, according to the lastest issue of the CHINA ELECTRONIC NEWS.

An official in charge of the project said that the optical cable will greatly improve the local telecommunications networks. For Fujian Province alone, the project will add 9,400 inter-provincial long-distance phone lines and 20,000 long-distance telephone lines within the province upon completion.

Construction Begins on Tibet's 1st Optical Line

*OW0105015895 Beijing XINHUA in English 0126
GMT 1 May 95*

[FBIS Transcribed Text] Lhasa, May 1 (XINHUA)—Construction of an optical cable of telecommunications connecting Lhasa and Xigaze, the first such line in Tibet, started last week.

With a full length of 340 km, the project will involve a total investment of over 37 million yuan (about 4.4 million U.S. dollars).

The new technology of SDH [expansion unknown] for optical transmission, together with an equally advanced system for monitoring and management, will be adopted for the construction, according to technicians involved in the project.

The cable is planned to go into trial operation from August 1 this year, when it will increase 1,920 new long distance telephone lines, thus thoroughly easing rising demands in telecommunications, according to sources.

The project is one of the 62 large constructions scheduled to coincide with the 30th anniversary of the establishment of the Tibet Autonomous Region this autumn.

Zhejiang Institute Sees Promising 'Developments'

*OW0405031395 Beijing XINHUA in English 0258
GMT 4 May 95*

[FBIS Transcribed Text] Hangzhou, May 4 (XINHUA)—Ophthalmic optics, a relatively new field of knowledge in China, has had encouraging developments over the past two decades in the Wenzhou Medical Institute, in East China's Zhejiang Province.

The institute's study of ophthalmic optics began in the early 1970s. In 1988, it launched China's first department of ophthalmic optics in an institute of higher education. This is still the only institute engaged in the field for senior professionals.

The establishment of the department in the medical institute was in itself an innovation in international optics education. In its 100-year history, ophthalmic optics in the West has been a branch of physics, though researchers preferred working in the field of medicine.

The combination of optics and medicine gives the department a sharp edge in research and development in clinical applications. A logarithmic vision chart developed by Prof. Miao Tianrong has been adopted as the national standard vision chart. The department now has its own factory producing ophthalmic devices that the institute developed.

It has also been providing on-the-job training and correspondence courses for doctors and personnel in eyeglass shops.

The institute has established ties with research organizations in the United States, Japan, Australia, and other nations. In 1994, it hosted an international symposium on contact lenses.

In view of the institute's great success in its work, the Chinese Ministry of Public Health decided in 1992 to open the only ophthalmic optics research center in the country in the institute.

Military & Public Security**PLA Military Units To Learn From Kong Fansen**

OW0405002195 Beijing XINHUA Domestic Service in Chinese 0433 GMT 30 Apr 95

[By reporter Jia Yong (6328 3057) and Cao Zhi (2580 2535)]

[FBIS Translated Text] Beijing, 30 Apr (XINHUA)—Activities to learn from Kong Fansen, a good party cadre, are being widely carried out in all units of the People's Liberation Army [PLA]. The masses of officers and men have pledged to emulate Kong Fansen and turn their wholehearted patriotic enthusiasm into deeds to selflessly serve the party and people.

Following the guidelines set by the PLA General Political Department, all military units have included Kong Fansen's advanced deeds as lively teaching material in their on-going education in patriotism, dedicating oneself, fostering a revolutionary outlook on life, showing respect to cadres, cherishing soldiers, and working against difficulties. Organs of the three PLA general departments have organized cadres with party membership to study and discuss Comrade Kong Fansen's advanced deeds on party days. Heroic and model individuals of the Beijing Military Region, Chengdu Military Region, Lanzhou Military Region, Jinan Military Region, Navy, Air Force, and other military units have joined cadres with party membership of their respective units in studying and discussing Kong Fansen's deeds. Generals who are currently attending the National Defense University pledged to emulate Kong Fansen; to set an example in cultivating political staunchness and ideological and moral pureness; and to take the lead in working against difficulties, honestly performing official duties, and dedicating oneself disregarding one's own interests. Since they learned Kong Fansen's advanced deeds, 86 cadres at the divisional and regimental levels of organs of the three PLA general departments who were sent in late February and early March to earn experience in the Shenyang, Nanjing, and Guangzhou Military Regions have written letters to their original units pledging to seriously go through the hardships of grass-roots units, learn from officers and men of grass-roots units, impose stringent demands on themselves, bring good experience back to their original units, and build a good image for grass-roots units.

Kong Fansen's spirit of selflessly dedicating himself has inspired officers and men of all units in the Qinghai-Tibet Plateau. Following Kong Fansen's footstep and braving heavy snow, officers and men of military and armed police units in Ngari Prefecture, where Kong Fansen once worked and lived, went deep into pastoral areas to help Tibetan compatriots organize production work. More than 1,000 female soldiers of the Tibet Military District who worked on medical, scientific research, and telecommunication posts pledged to continue to work on the plateau, as Kong Fansen did. A number of cadres of the Xinjiang Military District volunteered to work in the Kalakunlun Plateau, Pamir Plateau, and other areas of hardship; more than 1,000 office cadres who were assigned to frontier areas and grass-roots units to sum up experience and improve the work have become more self-conscious in integrating themselves with local soldiers. Nearly 100 cadres of the Qinghai Provincial Military District working in plateau areas declined their organizations' offers to transfer them to inland provinces; some cadres who had been transferred away from the plateau earnestly requested to be transferred back to Yushu, Guoluo, and other frontier or remote areas or areas of hardship.

Kong Fansen's deeds have aroused responses among military academies. Many cadets who would soon graduate and be given assignments told their organizations that they would comply with the party's call at any time and would go to the places where the motherland needed them most. According to incomplete statistics, currently nearly 10,000 military academy cadets who will graduate this year have voluntarily submitted to their organizations applications for working in frontier or remote areas or areas of hardship. Some cadres who would be demobilized this year wrote to their units and local governments saying they would emulate Kong Fansen and volunteer to work in frontier or remote areas or areas of hardship, to make contributions to invigorating the economies of impoverished areas. Some 1,400 demobilized cadres who were given placements in Hubei jointly asked to be assigned to northwestern Hubei and other areas of hardship to take up new undertakings.

Jiang Zemin Plans for High-Tech Defense System
*HK0405080295 Hong Kong KUANG CHIAO CHING
in Chinese No 270, 16 Mar 95 pp 12-15*

[By Leng Mou (0397 4188): "Supreme Commander Jiang Plans for High-Intelligence Defense System—China's Army Building Strategy for the New Period"]

[FBIS Translated Text]

Supreme Commander Jiang Zemin Plans for High-Tech Defense System

To establish a high-tech defense system is a goal for which Chinese military leaders have been striving in recent years. Military sources disclosed that since Jiang Zemin was appointed supreme military commander, he

has spared no effort to conduct various kinds of foundation work. Among them, a three-year military training reform, devised two years ago, is of most substantive significance. This is the final year for the military training reform. A new military building plan also is being deliberated.

Beginning in mid-February 1995, all Army units began their military training for 1995. The General Staff Headquarters under the Central Military Commission has drawn up a detailed plan for the training.

In early February, while making plans for this year's military training, the General Staff Headquarters made it clear: We should create conditions for the entire military forces and military academies to conduct regular training along the road of training and education after reform, so as to lay a foundation for enhancing the ability of the Chinese armed forces to win a limited war under high-tech conditions.

Jiang Zemin Wants To Have China's Own "Sophisticated" Arms

To establish a high-intelligence defense system with Chinese characteristics is something for which Jiang Zemin, chairman of the Central Military Commission, has longed. A high-intelligence defense system is a defense system under high-tech conditions. It enables the Chinese armed forces to cope with future high-tech war, information war, and menacing war.

Jiang Zemin fully understands and is soberly aware of the power of high technology applied in war. The "Gulf War" has made the world's military leaders aware of the new characteristics of future wars. During the "Gulf War", Jiang Zemin acted as a serious and conscientious military observer. Since then, he has always cited the "Gulf War" as an example to admonish Chinese high-ranking military officers: It is necessary to study the characteristics of future wars under high-tech conditions and promote the progress of China's military modernization initiated by Deng Xiaoping.

Five Targets for Meeting Future Challenge of the World

Jiang Zemin recently put forward: To further consolidate national defense and safeguard national security, we must improve our military forces and have some of our own "sophisticated" arms. With them, our words will carry different weight.

Jiang Zemin added: In the field of national defense technology, we should focus on studying and developing some key areas, and should develop a number of "lethal weapons." We need to grasp these technologies in order to meet the needs of military strategy for the new period.

The three-year military training program takes "technological target" as the main content of training reform. It embodies the resourceful strategy of the Chinese Army under Jiang Zemin to meet the world's challenge.

The three-year training reform requires the fulfillment of the following five targets:

1. Pay close attention to operational method training so as to create conditions for the establishment of a new operational methodology within two or three years;
2. Step up efforts to conduct experimental appraisal laid down in newly compiled training outlines and teaching plans, so as to form a new system of training contents suited to operations under high-tech conditions;
3. Step up efforts to reform training methods and explore training methods similar to actual warfare;
4. Pay close attention to conduct the training of high-ranking officers and leading cadre organs so as to enhance the capability of commanders and leading organs to conduct operations under conditions of high-tech war; and
5. Step up efforts to reform training support so as to explore a support method that meets the needs of military training in the new period.

To Carry Out Reform in the New Period on the Basis of Existing Equipment

The General Staff Headquarters calls on all Army units to strive to fulfill the targets of the three-year training reform set by the Central Military Commission and the headquarters. As this is the final year for the reform, the requirements for the training are very strict. Beginning in February, the armed forces made constant efforts to boost their morale, and stressed the need to fulfill the new year's military training tasks, and to further strengthen confidence in winning an anti-aggression war by relying on existing equipment.

An Outline for the 1995 Training Plan

The General Staff Headquarters' outline for this year's military training is outlined as follows:

The Ground Forces: The Ground Forces should do a good job in training at three levels: individual training, detachment training, and combined training at the divisional and regimental levels; pay attention to foundation, stress tactical training, and deepen operational methods training; carry out experimental appraisals laid down in the newly compiled training outlines according to division of work, and complete the tasks of compiling training outlines and standards; and continue to deepen headquarters training reform, and define new training contents, methods, and standards.

Navy: The Navy should continuously persist in training naval vessel troops according to their classification, and in training flying units according to their levels; strengthen the training of naval vessels in operational mission subjects and in the actual use of weapons; enhance coordinated training of multiple vessels (soldiers) and command training; and in particular, pay attention to the exercises with new equipment.

Air Force: The Air Force should organize various aircraft (arms) types to study key and knotty problems in operational methods, and provide effective policies, and should strengthen training in such subjects as operational mobility, live firing, and bombing under complicated conditions. Combat regiments should undertake tactical training in conjunction with their assigned tasks.

Artillery Corps: The Second Artillery Corps should stress coordinated reform based on content, further perfect training regulations, and explore in-depth methods of coordinated ancillary training for guided missile brigades of different types.

Military Forces Set Off an Unprecedented Upsurge in Drills

In China's vast expanse of land, all Army units have set off an upsurge in training reform, with unprecedented depth and breadth, in accordance with the requirements of military strategy in the new period, and with the raising of combat capability under high-tech conditions as the main topic.

- In the ancient battlefield of the central plains, a certain reinforced infantry division has made a success of live-ammunition night drills, indicating that the night training of the Chinese Army has developed to a new stage of combined operations by a whole division or regiment;
- In the waters of the Dong Hai, submarine troops have made significant progress in carrying out covert attacks at great depth, as well as in other areas;
- A large aircraft fleet flew several thousand km to an airport in northern China, the first cross-region mobile drills by a large aircraft fleet successfully conducted by a certain army unit. This has made it possible for the Air Force to drastically transform its form of command and support under high-tech conditions;
- The headquarters has successfully organized training for military officers, as well as an all-army night-training reform meeting;
- A new generation of training outlines for all branches, causes, and types of troops has been completed, and has entered a stage of trial training;
- New breakthroughs have been made by three armed services in the study of key and difficult topics in operational methods for combat teamwork, as well as for battles in cold and mountainous regions.
- A new form of group training, with the focus on composite formations of new recruits and veterans, and on separate training, was conducted successfully.

Air Force Makes Progress in Seven Areas

Today the Chinese Air Force has developed into an armed service with the aviation troops as the main body,

and including combat troops—such as anti-aircraft gun troops, ground-to-air missile troops, and airborne troops—as well as support troops in such areas as radar and communications.

It is disclosed that the Air Force has made progress in seven areas in establishing a high-intelligence defense system.

First, its aviation troops have reached a certain level in terms of long-distance operations, high-speed mobility, violent attack, and air defense ability. The number of Class A regiments of aviation troops—the main combat strength of the Air Force—has reached 78.6 percent, reaching a new level in overall combat strength.

Second, the strength of all-weather pilots has increased by 20.5 percent compared with more than a decade ago. The commanders of all aviation divisions and regiments have taken the lead in tackling difficult flight issues and in teaching.

Air Defense Troops Achieve Automation of Missiles, Anti-Aircraft Guns, and Command

Third, the ground support arms are increasingly modernized. The airborne troops have omnidirectional combat capability—meaning “moving at any time, landing everywhere, and fighting right after landing”; the radar intelligence network has practically covered the territorial airspace throughout the country; the modernization of communications and meteorological support has made it possible to achieve automation of command in missile battalions and anti-aircraft gun companies.

Fourth, the high-speed mobile support capability of Air Force units has developed from the previous unitary rail transport to comprehensive transport by air, rail, road, and water; from single-arm units to combined-arms units, and from simple transport to one of tactical background.

Fifth, the modernization of the Air Force has been promoted by relying on advances in science and technology. In light of the actual situations, outstanding achievements have been scored in technical projects with the characteristics of various arms of the Air Force, such as aviation; guided missiles; radar; meteorology; communications and navigation; automated command, and telemetry and remote control; and in high-tech scientific research.

Sixth, the development and application of new and high technologies has enabled the Air Force to achieve a significant breakthrough in the development of new weaponry. The troops have been armed with such weapons and equipment as a contingent of new aircraft, ground-to-air missiles, ground radar, and automatic operational command systems. They have turned a large number of out-of-commission aircraft of the Air Force into different types of unmanned aircraft, such as low-, medium-, high-, and ultra-low-altitude aircraft, as well as highly mobile aircraft, and aircraft for obtaining nuclear

samples. Such achievements have drawn the attention of the international aviation industry. Newly manufactured laser, electronic, and infrared simulators, as well as “three-dimensional flight simulators,” have enabled simulated flight training to develop from mechanical and electrical simulation to laser and electronic calculator simulation, and from technical simulation to tactical and campaign simulation, thus greatly reducing training consumption and improving training quality.

Seventh, the ground teaching methods of the Air Force have been increasingly modernized, and they form a simulated training system coordinated with the existing weapons and equipment. Solving the Mystery of the “Blue Army”

In training, exercises, and drills conducted by Chinese Army units in various localities, there are two training troops confronting each other: One is the “red army” and the other is the “blue army.” The development of the latter has attracted people’s attention most.

To put it more plainly, the “red army” represents local troops using traditional methods of operation; the “blue army” represents high-tech troops using new operational methods. To solve the mystery of the “blue army” on the training ground, we can see the following characteristics of the “blue army”:

1. The “blue army” represents the imaginary enemy under high-tech conditions. It is a strong army, with high-tech equipment, three-dimensional attack and defense, precise fire assault, new tactical ideas, flexible tactical means, and strong attack strength.
2. The “simulated blue army group” undergoes special training. Their training tactics have been designed well, and they train according to both operational outlines and teaching plans.
3. The drills of the “blue army” and the “red army” are similar to actual warfare. The “blue army” has been trained into a strong “enemy” so as to temper the “red army” and to force the strong adversary to discover new methods.
4. One of the confrontation items between the “blue army” and the “red army” is gradually to eliminate some inappropriate traditional weapons and traditional methods of operation.
5. To conduct defensive exercises with the imaginary enemy, the “blue army,” launching an attack.

On the training grounds in the Nanjing and Shenyang Military Regions, there are mainly confrontation drills between the “blue army” and the “red army.” It is understood that this confrontation drill now is used mainly in the group army of the Ground Forces. Attach Importance to the Study of Operational Methods

It also has been learned that all military regions and armed units have made considerable progress in the study of warfare theory and operational methods under

high-tech conditions. Chiefs of general staff and theorists in the military take the "Gulf War" as a study target on the one hand, while on the other, they try to find the law governing basic warfare from ancient Chinese military science books and records.

A batch of famous books by ancient and modern military strategists in China and elsewhere, such as the "Art of War by Sun Tzu", "Liu Tao" [an ancient classic on military strategy], and the "Art of War" have become the most popular books among Chinese officers and soldiers, and especially among chiefs of staff in training departments. Proceeding from learning military strategies, a division under the Jinan Military Region has written several books, such as "Basics in Modern Training and Strategies," "A Complete Collection of the World's Strategies," "300 Selected Examples of Remarkable Strategies," and "High Technology and Modern Military," thus laying a theoretical foundation for the study of operational methods. They also have collected and reorganized all warfare examples in which they have participated before, and have studied each of them. Moreover, they also earnestly study and trace the development trend of modern operational methods.

From the following types of research, we can have a general ideal of the Chinese Army's warfare theory under high-tech conditions, as well as its strategies, tactics, and operational methods:

The Fourth Type of War

1. Research on high-tech psychological war. High-tech war is a technology-intensive war. It makes extensive use of new forms of released energy with increased kill capability and destructive power, as well as of enhanced mobility and spontaneity. It breeds among participants a panic-stricken and abnormal psychology. In addition, the modernization of the media can easily deter, disintegrate, and conquer the enemy. Therefore, psychological warfare under high-tech conditions has become a special form of war, and is known as the "fourth type of war."

The Chinese military believes that in the future high-tech war, that "it is better to win the hearts of the people than to capture the city" will continue to be the strategists' golden rule and precious precept. Psychological warfare under high-tech conditions has broken with the traditional forms of the past, and shown new characteristics.

Relevant experts have set out five assumptions regarding psychological warfare training and reform for the Chinese Army: First, establish a sound psychological warfare organization with a view to forming a network-like psychological warfare system. At the same time, try to set up special psychological warfare troops as the basis and core of psychological warfare. Second, include the study of psychological warfare knowledge under high-tech conditions in the study of military knowledge, especially the knowledge of high-tech warfare. Third, include psychological warfare training in overall military training, and

explore strategies and means of psychological warfare through practice. Fourth, strengthen training in the qualities of officers and soldiers, and increase the psychological capability to withstand "tragic scenes of danger and pain." Fifth, step up efforts to groom qualified personnel who adapt themselves to high-tech psychological warfare, and gradually develop a contingent of high-quality professional and part-time personnel.

2. Research the prelude to a limited high-tech war. In recent years, under the guidance of strategic principles in the new period, the Chinese Army has set off an upsurge of discussing operational methods in a modern limited war.

In late November last year, a relevant unit held an academic seminar on the prelude to a high-tech limited war. The organs of all armed services, military academies, and troops submitted a total of 210 papers.

The use of deterrent means in a modern limited war has attracted extensive attention in the Chinese Army. As a large quantity of modern high-tech weapons are put into the battlefield, it provides strong deterrent means by greater striking force and gigantic might. This, coupled with the high consumption of modern warfare, forces the attacking side to take political and economic factors into consideration, and to try to use deterrent means to conquer the enemy without waging a war. Therefore, deterrent and counter-deterrent are noticeably reflected in the prelude to a limited war. The Initial War Is Decisive, Preparations at the Beginning Are Crucial

Some experts are of the view that for a modern limited war, the initial war is very often decisive, and therefore preparations are crucial.

Others believe that "winning a victory before waging a war" is a key guiding idea in the prelude to a war.

3. Research special troops. The Central Military Commission is considering the establishment of cross-century special troops. The reason is that the emergence of a large quantity of high-tech weapons, and frequent miniwar "performances" have forced people to realize that the war power has shifted from the quantity perspective characterized by "the vast numbers of soldiers and generals" to the quality perspective characterized by "crack troops equipped with sharp weapons." Since limited wars have been taking place continuously since the end of the Cold War, establishment of cross-century special troops is drawing the Chinese leadership's attention because the future battlefield will require "fast fists" (that is, special troops which are of high quality, small size, sophisticated equipment, high mobility, and great strength).

Zhang Zhen Inspects Troops in Zhejiang

OW0405042495 Beijing Central Television Program
One Network in Mandarin 1100 GMT 3 May 95

[Announcer-read report over video; from the "National News Hookup" program]

[FBIS Translated Text] [Video shows Zhang Zhen meeting and holding discussions with troops and viewing target practice] Zhang Zhen, vice chairman of the Central Military Commission, inspected ground, naval, and air forces and armed police units stationed in Zhejiang from 21 April to 3 May. He conducted investigations and study to learn the new situations and new problems faced by troops and reserve forces during army building, and listened to opinions and suggestions from troops and comrades. At the Hard-Boned Sixth Company, Zhang Zhen randomly tested the company in its training subjects and political education, praising highly the superb skills and tough styles of the company's officers and men. He said: The Army should emulate the

company by conducting rigorous training, implementing strict requirements, and continuing to upgrade training quality.

While discussing training reform with a certain naval unit, Zhang Zhen stressed: It is necessary to strengthen study on strategies based on existing facilities. We should improve training methods based on actual needs and strive to raise the overall combat capability under the high-technology environment.

During his inspection, Zhang Zhen participated in a party group meeting of the Xuchang Company, a heroic company which he joined in 1958. In addition, he visited demobilized and retired cadres.

General**RENMIN RIBAO Editorial Praises Model Workers**

HK0405062695 *Beijing RENMIN RIBAO in Chinese*
29 Apr 95 p 1

[Editorial: "Backbone of China Today—Warmly Hailing the Opening of the National Meeting To Commend Model and Advanced Workers"]

[FBIS Translated Text] With the "1 May" International Labor Day and the jubilant 70th founding anniversary of the All-China Federation of Trade Unions upon us, the grand national meeting held by the party Central Committee and the State Council to commend model and advanced workers opened in Beijing. We would like to extend warm congratulations to the meeting and our highest respect for the model and advanced workers.

Since the same meeting in 1989, our working class and the laboring people of all nationalities, under the leadership of the party Central Committee with Comrade Jiang Zemin at the core, have made enormous achievements on the various fronts of reform, opening up, and socialist modernization by upholding the party's basic theory and line, working with one mind, and clearing the way to forge ahead and in the course have emerged model and advanced workers in large numbers. These people have performed unusual achievements at their own posts. Their strong sense of responsibility as masters of the country, spirit of pioneering an enterprise with painstaking efforts, great enthusiasm for labor, boldness in devoting all their energies, strong awareness to press ahead and explore new paths, good professional ethics, and dedication have turned into a powerful material force for revitalizing the Chinese nation. Model and advanced workers are China's backbone today as well as outstanding representatives of China's working class and laboring people.

Relying upon the working class heart and soul is a basic principle of the party and government and an important aspect of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Although many new situations and issues may arise in the new period of deepening reform, opening China wider to the outside world, and developing a socialist market economy, neither the position of the working class as the master of the country nor the party and government's principle of relying on the working class will be changed. Further, we must study new situations and issues properly, rely upon the working class in a better way, and give better play to their role as the principle force. Facts have proven that the working class is the most obedient to the party. In the new historical period, they have carried forward their glorious tradition, have firmly carried out the party's basic line, and have played the role as the principal force in reform, opening up, and socialist modernization. This has been convincingly born out by the touching deeds performed by model and advanced workers on various

fronts. The working class is the principal force for reform, development, maintaining stability, and building socialism with Chinese characteristics.

Our country's reform, opening up, and socialist modernization construction are going through a critical period. This year, we must thoroughly accomplish the Eighth Five- Year Plan and make necessary preparations for the Ninth Five-Year Plan, so we are facing very difficult tasks. The working class should fully understand its own important historic duty and should more willingly stand on the front of reform and opening up. On one hand, we must be able to see the conducive conditions for reform and the increased benefits to be brought about by reform to the working class and the broad masses of people; on the other, we must realize the difficulty we face in the reform process and the price we probably have to pay, must resolutely support the reform measures and policies adopted by the party and the government, and must contribute our strength to promotion of the reform. State-owned enterprises, especially the large and medium ones, are the pillars supporting our country's national economy. Changing the operational mechanisms of enterprises and systematically establishing a modern enterprise system is a road which must be followed in order to invigorate state-owned enterprises. It is also a difficult road which must be explored and for which we have no ready answer. The broad masses of staff and workers should actively support and participate in enterprise reform; they should offer ideas and measures for upgrading the quality of enterprises, enhancing the vigor of enterprises, and promoting the development of enterprises. They should diligently improve labor productivity and economic efficiency and make new contributions to the sustained, rapid, and healthy development of the national economy.

This year is the 70th anniversary of the founding of All-China Federation of Trade Unions. Over the past 70 years, the Federation has mobilized and organized the broad masses of staff and workers, to closely unite with the party to struggle for realizing the party's duties in various historic periods; its great merits shine from history books. History proves that the All-China Federation of Trade Unions has lived up to its reputation of being a mass organization of the working class under the leadership of the CPC, of being a bridge and link for the party to foster ties with the staff and workers, of being an important social pillar supporting the state's authority, and of being the representative and defender of the interests of the broad masses of staff and workers. In the great transformation to the development of the socialist market economy, trade unions of various levels should inherit and develop the fine traditions, fully play the safeguarding functions of trade unions, diligently raise trade unions' work to a new level, shoulder the duties which are more difficult, and play a more important role. They should organize staff and workers to seriously learn from Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and arm their minds with scientific theories. They should take care of

the staff and workers in a better manner; safeguard their labor rights and interests, material interests, and democratic rights and interests; and do more solid things for them, solve difficulties for them, and reflect their wills, desires, demands, and voices. They should strengthen and improve their ideological and political work, be skillful in addressing grievances and solving conflicts, and properly guide, protect, and develop the enthusiasm among the staff and workers. They should explicitly commend the advanced persons, support them, and cherish them, and they should foster the good habit whereby everyone in society respects advanced persons, learns from them, and strives to be one of them, so that on various fronts heroic models keep emerging and stars keep shining.

"The truly brilliant worthy men are only those we see today!" The advanced model persons stand on top of the waves of the time, walk on the front of construction, play an exemplary role for China's working class and laboring masses, and add colors and splendors to the great plans and undertakings of the Chinese nation. Let us take them as our model and, guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, more closely unite with the CPC Central Committee which has Comrade Jiang Zemin as the core, and resolutely seize the opportunity to deepen the reform, open up wider, promote development, maintain stability, and struggle for a new victory in reform, opening up, and socialist modernization construction!

Ministry Official Notes Electronic Industry Growth

OW0305141595 Beijing XINHUA in English 1257
GMT 3 May 95

[FBIS Transcribed Text] Beijing, May 3 (XINHUA)—China's flourishing electronic industry generated an output value of 45.32 billion yuan (5.32 billion U.S. dollars) in the first quarter of this year, realizing a 28.3 percent increase over the same period of 1994.

The state-owned sector in this field registered a noticeable rise in profits, with the output value reaching 17.02 billion yuan, up 18.9 percent from the figure in the same period of the previous year.

An official with the Ministry of Electronic Industry noted that the sector's sales had hit a new high of 16.7 billion yuan in the first two months, a leap of 29.6 percent.

Moreover, the sales rate of the products in the industry reached 95.6 percent in the January-March period, about two percentage points more than that of the same period of the previous year.

Statistics show that the output value of the overseas-invested firms is 13.2 billion yuan in this period. The

increase rate in the output value of these firms is 15-percentage-point higher than the average of the whole industry.

Furthermore, the export volume of the electronic sector hit 1.68 billion U.S. dollars in the period, an increase of 32.1 percent. Meanwhile, the import volume stood at 1.71 billion U.S. dollars, up 34.6 percent over the same period of 1994.

Taxation Administrator on Curbing Tax Evasion

OW0405042695 Beijing Central Television Program
One Network in Mandarin 1100 GMT 3 May 95

[Announcer-read report over video; from the "National News Hookup" program—recorded]

[FBIS Translated Text] [Video shows Xiang Huaicheng talking to a group of personnel in an office and viewing personnel at work, and a closeup shot of Xiang speaking on the taxation issue] During an inspection tour of Haidian District, Beijing Municipality, today, Xiang Huaicheng, deputy director of the State General Administration of Taxation, told reporters that the nationwide inspection on the enforcement of the new taxation system since February is mainly aimed at checking the system's enforcement in taxation organizations at all levels.

[Begin Xiang Huaicheng recording] We must implement tight control over tax evasion attempts and taxation organizations to make it difficult for illegal elements to evade taxes. Taxation personnel are not employed for nothing. If we are not earnest but work in a sloppy manner, tax dodgers will have the opportunity to take advantage of the situation. If our taxation officials are not firm in their stand, it will be easier for tax dodgers to collude with them to evade taxes. Therefore, we must effectively build up our taxation team. [end recording]

Meeting on East-West Township Enterprise Cooperation

HK0405081495 Beijing RENMIN RIBAO in Chinese
25 Apr 95 p 1

[By staff reporter Jiang Xia (3068 1115): "Demonstration Project of Cooperation Among Town and Township Enterprises in the Western and Eastern Parts Will Get Into Gear"]

[FBIS Translated Text] Beijing, 24 Apr (RENMIN RIBAO)—The national meeting on cooperation among town and township enterprises in eastern and western China closed in Beijing today. Thus an unprecedentedly large demonstration project of cooperation among town and township enterprises in eastern and western China is going to be launched at full scale, signifying that the cooperation among some town and township enterprises in the eastern and western parts of the country gradually will enter a new stage of extensive, self-motivated, and orderly operation.

The demonstration program of cooperation among town and township enterprises in eastern and western China was proposed at a national meeting on town and township enterprise affairs, which was sponsored by the State Council in September 1993. It was officially approved by the State Council in February this year. Cooperation between the eastern and western parts of the country is an effective way to promote coordinated inter-regional economic and social development, an important component part of the CPC central authorities' and State Council's strategy to accelerate the development of town and township enterprises in central and western China, and a direction dictated by the need of town and township enterprises in eastern China for self-development. It is of great significance to our efforts to dispose of the excess labor force in rural areas; quicken the pace of urbanization in rural areas; and maintain a balance among reform, development, and stability. This is a consensus reached among the participants in this meeting on cooperation among enterprises in eastern and western China.

This reporter has learned from the meeting that the demonstration program of cooperation among town and township enterprises in western and eastern China has been well received among local governments at all levels, many town and township enterprises, and town and township entrepreneurs both in the eastern and western parts of the country. Statistics show that so far, eight pairs of provinces or autonomous regions have established friendly and cooperative relations. Provinces and autonomous regions in central and western China have applied for the establishment of 157 demonstration zones running more than 300 projects under the town and township enterprise cooperation program. So far, the Ministry of Agriculture has approved the establishment, on a selective basis, of 124 east-west cooperation demonstration zones, and under a preliminary plan, 100 projects have been listed as the first batch of pilot projects to be launched under the cooperation program. These projects involve a total investment of 3.37 billion yuan. When completed, they will produce an additional output value of 10.88 billion yuan. During the Ninth Five-Year Plan, Shandong Province plans to enlist 300 backbone town and township enterprises, 200 enterprise groups at the city and prefectural level, and 100 enterprise groups at the provincial level, to establish partnerships with their counterparts in central and western China, thus perfectly combining the advantages of these backbone establishments in technology, information, funds, and product development, with the advantages of central and western areas in resources, markets, and labor force.

It is reported that from 1995, the Agricultural Bank of China will set aside not less than 500 million yuan from the 10 billion yuan loan that is specially designated each year for town and township enterprises in the central and western parts of the country, and will appropriate this portion of loans to east-west cooperation demonstration

projects. In the meantime, the central and local governments at all levels, when disposing their annual financial appropriations to town and township enterprises, will give priority to east-west cooperation demonstration projects.

State Councillor Chen Junsheng attended and addressed the national meeting. Agricultural Minister Liu Jiang stressed in his speech that the first goal of cooperation between the eastern and western parts of the country is to strive for good economic returns and social benefits. Therefore, formalism and a perfunctory manner should be avoided in east-west cooperation. It is necessary to adhere to the laws of socialist market economy, and to promote all forms of cooperation at different levels, according to the principle of mutual support and mutual benefit. Effective measures must be taken to protect the legitimate interests of all parties concerned.

Commentator Hails East-West Enterprise Cooperation

HK0405081795 *Beijing RENMIN RIBAO* in Chinese
25 Apr 95 p 1

[Commentator's article: "A New Start of Cooperation Among Town and Township Enterprises in the Western and Eastern Parts"]

[FBIS Translated Text] Under the sponsorship and active involvement of departments concerned, a great program of mutual support and mutual benefit to promote economic cooperation between the eastern and western parts of China—the demonstration program of cooperation among town and township enterprises in eastern and western parts of the country—will be launched at full scale and officially implemented. This is a gratifying event. It will have a positive influence on the development and improvement of town and township enterprises across the country; the shaping of a new pattern of economic development in the eastern, central, and western parts of the country; and the coordinated development of the national economy as a whole.

As far as economic and social development is concerned, there is a wide gap between central and western China, and the east coast. This is the outcome of long influence of complicated natural, historical, cultural, and other factors. In the process of reform and opening up over the past more than 10 years tremendous changes, which one could not have imagined decades before, have taken place in the eastern part, as well as in the central and western parts of the country. Thanks to some preferential policies granted by the state, the eastern coastal areas, with their particularly favorable geographical advantages, have made even greater strides and have enjoyed still higher economic growth. At the same time, however, the gap between the vast territory in central and western China and the eastern part of the country is tending to widen, despite a series of policies and measures adopted by the party and state with a view to

supporting and boosting economic growth in the central and western parts. Naturally, we must pay great attention to this tendency.

One of the important facets of the gap between the eastern and western parts of the country in economic development is the gap between the two parts in the development standard of town and township enterprises. Statistics show that the rural population in central and western China accounts for two-thirds of the country's total rural population. However, in 1994, town and township enterprises in the central and western parts of China contributed only one-third of the gross output value of all town and township enterprises in the country. Practice over the past many years has pointed out to us that running town and township enterprises is an important way to develop the rural economy, extricate peasants from poverty, and help them get rich. The vast majority of the 70 million-strong rural population who lead lives below the poverty line live in the central and western parts of the country. Vigorously developing town and township enterprises in these areas is of essential significance. In recent years, the party Central Committee and the State Council have set much store by this task. In this connection, a series of policies supporting economic development in these areas has been formulated. The significance of this is not confined to the mere development of town and township enterprises in central and western China. This task, if accomplished well, will be of immeasurable value in employing local labor force; easing the pressures caused by the increase in the migrant population; narrowing the gap between the eastern and western parts; and safeguarding the general interests of reform, development, and stability.

Actively promoting cooperation among town and township enterprises in the eastern, central, and western parts of the country is not simply an actual need, it is also possible under the real circumstances. The central and western parts of China are rich in energy resources and raw materials, and there is a plentiful labor force and a vast market. However, town and township enterprises are new in these areas, they are in poor conditions and lack qualified personnel, and their technological and management standards are low. Town and township enterprises on the eastern coast are pretty strong in terms of the quality of their professional staff, and of their technical and managerial standards. After more than 10 years of development, they now need to adjust their operations so as to further optimize the deployment of production factors. However, owing to the restrictions in resources and the labor force, they are losing their superiority in the area of high-energy consuming and labor-intensive industries and products. They badly need to replace these industries and products with technology- and capital-intensive types of industries and products. So it is quite obvious that through cooperation, town and township enterprises in the eastern and western parts of the country can help and benefit each other. The western areas will obtain advanced technology and scientific

management know-how, while the eastern part will be offered an opportunity to adjust its production structure and create more room for development.

The launching of the demonstration program of cooperation among town and township enterprises in eastern and western China is a new start, marking a new stage of large-scale, high-level, regulated, and orderly cooperation among town and township enterprises in the eastern and western parts of the country. While the program is being implemented, governments and functional departments at all levels must carefully and thoroughly map out a plan, make meticulous arrangements, give guidance in good time, make sure the plan is carried out in real earnest, and give full play to their role in macroscopic regulation and control. At the same time, they must follow the laws of economics, uphold the principle of mutual support and mutual benefit, and always set great store by economic returns, with the enterprise playing the main role and with the focus fixed on the program itself. We must adhere to the principle of seeking truth from facts; act according to local conditions; refrain from doing flashy things without substance; guard against the practice of arbitrarily bringing different partners together without considering their will; and use economic, administrative, and legal means to encourage town and township enterprises in eastern and western China to join together and develop partnership at different levels, in different forms, and on a voluntary basis.

The gap between the eastern part, and the central and western part did not spring up all of a sudden, and it is not possible to completely eliminate this gap in a short time. We must face this grim reality squarely, strive to gradually narrow the gap through long-term and hard efforts, and finally reach common prosperity. Let us do our share to promote cooperation among town and township enterprises in eastern and western China, and make our contributions to the flourishing of the country and the common prosperity of all Chinese people.

National Plan for Land Use Formally Made Public

HK0405011795 Beijing ZHONGGUO XINWEN SHE
in English 1152 GMT 2 May 95

[FBIS Transcribed Text] Beijing, May 2 (XINHUA)—The land use plan set for this year, which is included in the national economic and social development programme, has been formally made public. New requisition of land in development zones and transfer of rights to land use involving newly requisitioned land are now officially listed into the state level programme. Application for land use and transfer of rights to land use will be possible only for development zones which are approved by the state authorities or provincial governments. The application can be made only after it has been examined and endorsed by land administrative departments of local governments of various levels which have to strictly follow the jurisdiction of appraisal and approval.

Land use for non-agricultural purpose is planned at 306,000 hectares this year, of which arable land makes up 199,000 hectares. Land newly requisitioned in development zones and transfer of rights to land use involving newly requisitioned land are formally listed into the state planning this year. Land requisitioned in development zones is put at 34,000 hectares and requisitioned land involved in transfer of rights to land use at 58,000 hectares.

Under the current circumstances where priority is given to agriculture, land specially for farming purpose planned for this year is set at 59,000 hectares, a gain of 7.3 percent over last year, of which cultivated land will account for 35,000 hectares, a rise of 12.9 percent. The land use programme also covers a land development plan which is put at 493,000 hectares, 13.9 percent up from last year.

The national situation regarding land under cultivation is, however, critical. Occupation of the acreage under cultivation across the country was 10.717 million mu last year, with a net loss of 5.969 million mu cultivated land. Land used for construction in the economically developed coastal areas is now basically kept under control in the set plan, while land use in southwestern and northwestern parts of China has tended to rise significantly.

Mailbox Explains 'Golden Enterprise Project'

OW0305144025 Beijing XINHUA Domestic Service in Chinese 0127 GMT 30 Apr 95

[“XINHUA Mailbox” by reporter Zou Qingli (6760 3237 7787): “What Is the Golden Enterprise Project?”]

[FBIS Translated Text] Beijing, 30 Apr (XINHUA)—The “Golden Enterprise Project” is a system of information on China’s enterprise production and circulation to be built under the auspices of the State Economic and Trade Commission. It is one in the first group of key economic information projects to be started during the Ninth Five-Year Plan. At present, the overall designing and selection of equipment and software are being expedited.

The Golden Enterprise Project, to be built with the support of the “Golden Bridge Project,” is an information bridge between the government and enterprises of China. Its purposes are: To monitor certain operational aspects of those enterprises which are the foundation of the national economy; to make forecasts based on thorough analyses of various information resources to provide an information basis for the government’s macroeconomic regulation and control measures and for its scientific and systematic policy-making process; to provide information service to enterprises; and to promote computerization in enterprises to reduce their waste in manpower, materials, and funds and enhance their economic efficiency.

In building the “Golden Enterprise Project,” there are four major tasks: One is to design a nationwide unified,

basic enterprise index system, so as to avoid duplicate statistics and transmission of enterprise information. Next is to build a highly efficient, fast and uninterrupted nationwide information system consisting of three levels—the central level, the provincial (autonomous regional and municipal) level, and the major city level. The third is to build a considerably comprehensive, extra-large data bank containing information on the basic situation of China’s enterprises; certain dynamic information on the production, sales, warehouse stock, and supply and demand of some basic and common products; and information on enterprise technological transformation, development of new products, macroeconomic policies, and economic laws and regulations for use by networking enterprises. The fourth is to build a system for disseminating information to enterprises and the general public.

Statistics Reveal Urban Residents’ Spending Patterns

OW0305151095 Beijing XINHUA Domestic Service in Chinese 0609 GMT 30 Apr 95

[By reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 30 Apr (XINHUA)—A sampling survey conducted by the State Statistical Bureau on some 30,000 urban families shows some changes in urban residents’ consumption patterns. Their spending on household goods and housing have increased drastically, gradually accounting for a greater proportion of their total spending, and the proportion of their food expense continues to drop.

A noticeable change in Chinese urban residents’ consumption is that they are paying more attention to good looking and useful household items, and their spending on those items is increasing somewhat. In 1994 the per capita spending on household equipment, goods, and services among urban residents was 251.4 yuan, actually up 21.4 percent from 1993. Their household goods spending was mainly in three respects. First, they bought more furniture, including self-assembled furniture, sofa beds, sofas, and desks. Second, they bought more interior decorations, with the per capita spending on interior decoration doubling that of the previous year. Third, they bought more durable consumer goods. The 1994 average purchases per 100 families included 6.4 electric fans, up 6.1 percent from 1993; 0.3 refrigerators, up 11.1 percent; and 1.75 air conditioners, up 98.9 percent.

Another noticeable change in urban residents’ consumption is the rapid increase in housing expense and the constant improvement of housing conditions. Because of the gradual implementation of housing reform measures in various localities, the per capita housing expense among urban residents in 1994 was 193.2 yuan, actually up 12.7 percent from 1993 and accounting for 6.8 percent of total consumption expense. Of the residents’ housing expenses, the spending on building materials for housing repair and the spending on maintenance and

repair jobs increased by 63.5 percent and 58.5 percent respectively. Of the residents' fuel consumption, the per capita coal consumption dropped 4 percent, while the consumption of liquefied petroleum gas and pipeline coal gas rose 9.1 percent and 11.6 percent respectively.

A sharp increase in transport and telecommunications expenses is a new feature of urban residents' consumption. In 1994, the per capita transport and telecommunications expense among urban residents rose 65.6 percent as compared with 1993. A breakdown shows that their telecommunications spending rose 120 percent and telephone installation expenses rose 160 percent. To install telephones and use beepers has become a fad among urban residents. The development of taxi service has brought a great deal of convenience to urban residents. In 1994 the per capita taxi expense increased by 120 percent as compared with 1993.

Another new feature of urban residents' consumption is the sharp increase in their medical care and education expenses, which are of long-term significance to their families. With improvement in living standards, urban residents are paying more attention to health care. In 1994 the per capita health care expense among them was up 92.5 percent from the previous year, and the per capita expense on tonics rose 30.2 percent. In 1994 the per capita education expense among urban residents rose 34.7 percent. A breakdown shows that per capita adult education expenses rose 52.3 percent and the expense on teaching materials and reference books rose 39.7 percent.

The residents' clothing, cultural and recreational expenses also increased by a fairly big margin. In 1994 the per capita clothing expense among residents was 390.4 yuan, actually up 8.8 percent. Most of the clothing expense was on ready-made clothes, rising to 60.5 percent of the total clothing expense in 1994 from 58.3 percent in 1993. The per capita cultural and recreational expense among urban residents was 55.1 yuan, up 31.1 percent from the previous year. This shows that cultural and recreational activities have become an important part of the residents' life after work.

Gold Resources of Over 4,000 Tonnes Determined

HK0405012195 Beijing ZHONGGUO XINWEN SHE
in English 1315 GMT 3 May 95

[FBIS Transcribed Text] Beijing, May 3 (CNS)—Up to and including year-end of 1994, a total resource of gold of over 4,000 tonnes has been determined in China. With the exception of Shanghai, gold resources are distributed all over the country.

According to a forecast by the relevant government bureau based on projected capacity and the capacity already identified in 21 provinces, the potential gold resource in China is estimated to be in the range of 15,900 to 16,100 tonnes with the ratio of gold ores to gold dust 85 percent to 15 percent.

Among places that have rich resources of gold, Shandong tops the list for gold ore, followed by Liaoning, Shaanxi, Henan, Hebei and Heilongjiang. In comparison, Heilongjiang has the most resources of gold dust, followed by Sichuan, Shaanxi, Inner Mongolia and Jiangxi. As for natural gold, the most abundant supplies are found in Jiangxi, Hubei, Anhui, Gansu, Hunan and Heilongjiang provinces.

Currently, the geology bureau has identified 18 mines that appear to have very rich gold resources.

*Article Views 1994 Economic Gains, 1995 Goals

95CE0345A Hong Kong CHING CHI TAO PAO
[ECONOMIC REPORTER] in Chinese No 1, 2 Jan 95
pp 73-75

[Article by Ch'en Hsin (7115 2450): "Situation and Prospects for China's Economy"]

[FBIS Translated Text] At the end of 1994, the Chinese government held a series of high level economic working conferences that dealt with last year's plan, finance, trade and economic system reform, analyzing their situations and arranging work for 1995. Summarizing the basic principles of these conferences, in 1995, China will regard inflationary pressures as the number one economic task, and meanwhile it will keep the pace of economic growth slightly lower than in 1994, further cooling down the economy. Reform of state-owned enterprise will reach the stage of actually touching central work, while industrial mix and enterprise mix regulation will grow stronger, improving overall economic quality and efficiency.

Vital Steps Taken In Macroeconomic Reform

In 1994, the central government issued a series of reforms of the finance and taxation, foreign currency and foreign trade, investment, and the pricing and distribution systems. These reforms focused on smoothing basic economic relationships and resolving deep-seated contradictions, and they constituted the primary framework of the Chinese market economic macroeconomic regulatory system. There is no precedent for covering such a broad area of involvement or such great powers. When the reforms were actually implemented, governmental stress on timely study and appropriate handling of the various problems which arose, combined with the appropriate control of macroeconomic regulating forces meant that the reforms operated normally after they were issued and major social shock was avoided. This not only favored short-term economic stability but also had deep and far-reaching significance for medium- and long-term economic development.

As for reform of the financial and taxation systems, China has established a basic framework for a system of tax division. The organizational work of the State Bureau of Taxation and local tax agencies is in general finished and has generally been put into operation. There

have been important major reforms in the circulatory taxation system, i.e., simplifying and merging tax rates, unifying regulations, establishing the leading position of the value-added tax, and unifying such various taxes as the domestically invested enterprise income tax, personal income tax, adjusted resource tax, etc. Looking at the situation after one year of implementation, the new tax system is operating normally, and taxation reform has attained its goals, which have had a positive influence on China's financial situation. From January to November, the country has accumulated 419.5 billion yuan in financial revenues, an increase of nearly 18 percent over the same period last year.

Regarding reform of the financial system, the central bank now has a stronger role in stabilizing the yuan's value and in making fiscal inspections. Macroeconomic financial regulatory ability has improved significantly, and the three policy-oriented banks—the State Development Bank, the China Import and Export Bank, and the China Agricultural Development Bank—have been funded one after another. This has gotten the process under way of changing the state specialized banks to commercial banks, and there has been a general cessation of the practice of borrowing and collecting capital in violation of regulations. In 1994, the amount of currency issued nationally and the credit scale have been controlled pretty well, generally meeting the planned quota set at the beginning of the year. From January to November, the net amount of currency issued was reduced by 6.1 billion yuan compared with the same term of last year, while loans from the national bank increased by 37.6 billion yuan over the same period last year, and the amount of personal savings deposits increased about 500 billion yuan.

Regarding foreign exchange system reform, China has successfully brought about the merger of the official and the market exchange rates. It has abolished reserving and exchange of foreign currency, and has implemented a policy of banks balancing foreign currency with the market currency system, primarily by forming a foreign currency exchange market among banks which is concentrated on naming foreign currency dealing banks as the main exchange entities. These actions have laid the foundation for the yuan to become an exchangeable currency and ultimately enter the international market. At present, the foreign currency market is operating stably, and the yuan exchange rate is rising while remaining fundamentally stable.

As for reform of the foreign trade system, China has abolished the foreign purchasing directive plan and implemented a guidance plan for volume of imports, amount of foreign exchange received through exports, and foreign exchange spent on imports. There has been improvement of import and export quota management for important commodities. China has conducted trial quotas for 13 commodities and an automatic import registration system for specially designated commodities, continued to regulate the customer tax rate mix,

reduced overall customs duties, and improved and perfected the system for refunding export taxes. These reforms have given a powerful impetus to foreign trade exports and restrained purposeless importing. At the end of November, gross exports had reached \$102.53 billion, and gross imports \$87.75 billion, which were increases of 31 percent and 13.8 percent respectively over the same period last year. This alters the pattern of years of international trade deficits.

In reform of the pricing and distribution system, China has relaxed the unified allocated coal price; raised the price of electricity appropriately; raised the purchase prices of crude oil, grain and cotton to a great degree; correspondingly reformed the circulatory systems and management methods for crude oil, processed oil, grain, cotton and fertilizers; accelerated regulation of the state-owned commerce, materials, and grains enterprise organization mix; and has established some important commodity storage and regulation systems and a risk-regulation funding system.

In addition, concerning reform of the social security system, pension security fund coverage has begun to expand to "three capital" enterprises, privately owned enterprises, and individual workers. Nationally, 99 percent of counties have a uniform social security plan in operation, and state-owned enterprises commonly operate the unified social security plan. There are as many as 83.02 million people participating in the united social security plan, which constitutes 71.8 percent of urban enterprise employees. There has also been progress in reforming the medical insurance and housing systems.

Economy Maintaining Rapid Growth While Remaining Secure

While each item of reform is moving forward successfully, the domestic economy continues to maintain its rapid growth. Estimates by authoritative departments are that in 1994 China's GDP increased about 11 percent over the previous year, including 4 percent growth in primary industry, 16 percent in secondary industry, and 9 percent in tertiary industry. This economic growth rate meant a nearly 2.5 percent drop from 1993, but it is still an attractively high rate on the global economic stage.

Although China suffered a severe flood disaster in 1994, the gross estimated grain production is 890 billion jin, so the year still saw the highest production output in history. Cotton production output could reach 85 million dan, an increase of about 10 million dan over last year. Other products such as food oil, meat, eggs, and seafood all had marked increases over the previous year.

Industrial production also continued its rapid development, with the gross industrial production output for the year estimated to have increased about 22 percent over the previous year. The industrial growth value is estimated to have increased 17 percent, including such

major industrial products as coal, electricity, oil, steel, fertilizers, automobiles, chemical fibers, etc. These will all achieve the state plan set earlier with a surplus. The main characteristics of industrial economic operation are: First, light industry is growing faster than heavy industry. Estimates are that the gross light industrial production output increased by 23.9 percent in the last year and heavy industry by 20.2 percent. Second, state-owned industrial production is growing more rapidly, but remaining stable, going from 2.2 percent in the first quarter to 7 percent for the year. Third, the nonstate-owned enterprises are still the main factor pulling this rapid industrial growth. Nonstate-owned industry gross production output value will increase by 31.5 percent over last year, and the newly increased production output value occupies about 88 percent of the newly increased production output value in the entire industrial sector. Fourth, the eastern area is continuing to grow faster than other areas. The provinces of Jiangsu, Zhejiang, Shandong, and Guangdong showed total growth of 32.7 percent, which was 49 percent of the national gross industrial production output value. Fifth, there is continued stable growth in energy and railway transportation, and the relationship between supply and demand has eased a bit.

The national effort of the last two years to cool the overheated economy has primarily controlled the rapid growth of fixed asset investment. The investment mix has improved, the gross fixed asset investment scale is estimated to have reached 1,550 billion yuan for the entire year, an increase of about 25 percent over last year, a rapid rise. Meanwhile, the national fulfillment of key construction capital projects has obviously improved over the previous year. The year saw a total of 116 large- and medium-scale national construction projects built and put into use, which further eased the "bottleneck effect" in the economy. In 1994, China built 2,200 km of railways and 2,290 tons of port capacity and installed 12 million telephones. Major newly constructed production adds the ability to mine 10 million tons of raw coal, drill 6.06 million tons of crude oil and 50 million cubic meters of natural gas, generate 11.74 million kw in electrical power, and produce 3.1 million tons of cement.

In a situation where the entire economy declined a bit from the previous year, China still maintained its steady trend of opening to the outside. The year's gross exporting volume is estimated to have grown by \$110 billion, up 14.4 percent; gross imports were \$105 billion, an increase of 5.8 percent. At year's end, national reserves of foreign exchange were close to \$50 billion, an increase of more than \$20 billion over the year before. China's financial situation remained stable, and the fiscal deficit and currency issuance can both be controlled around the planned goals. The average individual income of farmers reached 1,170 yuan, an increase of about 4 percent over the previous year after deducting the price factor. The average per capita income of an

urban resident was 3,150 yuan, an increase of about 7 percent over the year before after deducting the price factor.

A Severe Inflationary Situation

However, at the same time we have these achievements, inflation in China is also growing steadily, and has become quite serious. Following a surge in grain prices at the end of 1993, price rises eased for a while in the second quarter of 1994, but have obviously gone up again since August. In October, consumer prices for urban residents nationwide were 27.7 percent higher than the same time last year, the highest since the implementation of reform and opening. In November, consumer prices for urban residents were up 27.5 percent compared with the same time last year. This was the first drop in the last year and a half, but inflation is still severe, estimated at up to 22 percent for the year. Some polls show that high prices have become people's number one concern. This was true for all sectors of society, with an especially strong reaction from retirees and those in lower income brackets and retirees.

Analysis of the reasons for inflation must take the following aspects into account: Reform inevitably brings with it some structural price rises. In 1994, the state took action to regulate the long, twisted price system, and this accounted for 4 to 5 percent of the price rises; several consecutive years of fixed asset investment and excessive funds for consumption led to excessive issuance of currency; and rising prices were spurred by the push of demand and the push of costs. Some areas did not put enough money into agriculture in recent years, which, when added to some natural disasters this year, caused shortages in agricultural product supply. Estimates are that rising food prices constituted about 12 percent of the total price rises, and in a situation where most commodity prices and operations have been opened up, circulation system reform and market inspections failed to follow up correspondingly, so the market was in disorder and pricing behavior was very irregular.

In addition, the two "old, big, and difficult" problems in China's economy still existed in 1994: One is that agriculture is still the weakest link in the domestic economy. The second is that many of state-owned enterprise products are sell slowly and pile up; this brings low economic efficiency, and lost or delayed tax payments are severe. Statistics show that from January to November, the percentage of budgeted state-owned enterprises nationwide was 41.4 percent, with the amount of losses rising 27.6 percent compared with the same period last year.

Expectations For 1995 Economy

There are many favorable circumstances for Chinese economic development in 1995. First of all, each important reform carried out in 1994 strengthened state macroeconomic regulatory abilities and made many preparations for enterprises to change their operating system.

Second, in recent years, as China has strengthened construction of fundamental industries and the infrastructure, a large group of focal construction projects has been built up and put into production, strengthening our economic development capacity. Third, there are sufficient foreign currency reserves, and the ability to make international payments has risen. Fourth, there is a favorable international environment.

But there are also some unfavorable factors in the Chinese economy, including: excessively high price rises in 1994; pressures created by the rising cost of production formed by the continued effects of such market elements as the price mix adjustment and form of labor, capital and labor, etc., in recent years; the excessive issuance of currency in many previous years has not been absorbed completely; the restraining system of controlling the excessively increasing investment scale in the fixed asset and consumption fund; an imperfect situation of industrial mix and economic efficiency, etc.

Comprehensive analysis shows that the leading problem area in development of the Chinese economy still is how to handle the relationships among reform, development, and stabilization in macroeconomic regulation, and among these, the two most important factors are how to control the economic growth rate and the degree to which market prices rise. Economists from the Chinese Academy of Social Sciences and officials of the State Statistical Bureau agree that appropriate handling of the aforementioned relationship will probably have three results:

One, high economic growth coexisting with high price rises. The "two highs" could possibly put the Chinese economy back on the road to overheating. At present, there are still very strong voices from all sectors calling for more speed and a wider scale, which creates competition for loans, while the pressure to reduce discrepancies and focus development due to unbalanced regional economic development is also considerable. If the state lacks regulatory power, and investment, credit, and loan policies are out of control, this expectation could possibly become a reality, making the Chinese economy continue to grow at a more than 10 percent rate and add the contradiction of resource shortages. This could possibly push prices again in a level at which each sector could not bear them, and put us in a situation of permanent high inflation.

Two, if the economy grows at an appropriate rate, prices should drop significantly and push the economy toward the reasonable goals of macroeconomic regulation. Looking at the economic cycle, the Chinese economy currently is still at the middle to latter stage of high growth; objectively, it still maintains some rapid growth momentum. If we regulate and control reasonably with a suitable investment, credit, and loan policy, then it is possible to steer the economy into a stable shift from a growth range higher than 10 percent to a fairly reasonable and lasting growth range between 8 and 10 percent.

On this foundation, price levels could gradually stabilize after passing their peak period, the degree of rise will begin to fall significantly, and inflation will decrease more than 5 percent from what it was in 1994.

Three, if the economy falls rapidly while market prices fall slowly or even remain high, it will make economic operations develop in the direction of "staying and rising". If the government controls inappropriately, focusing too much on suppressing final demand, combined with a too strict credit and loan policy, it will possibly worsen such existing contradictions as accumulation of state-owned enterprise production, delayed capital payments, and employment shortages, and then cause such contradictions as uneven social reproduction and market recession, pushing the economy in a rapid fall from a high growth zone to a low one. A great deal of social resources will stay at rest and be wasted, while market prices will maintain their tendency to rise sharply due to the function of inertia, the system factor, and excessive promotion of demand and cost, in the end forming the "staying and rising" situation.

Obviously, we should try our best to avoid the first and third situations, while doing our best to pursue the second situation.

The Chief Missions of the 1995 Economy

Based on the aforementioned analysis, China's economic growth rate in 1995 will be between 8 to 10 percent, while the inflation rate will be between 13 to 15 percent. Within the limitations of these two macroeconomic indices, such indices as the fixed asset investment scale, credit, loan and currency supply, domestic and international debt, etc., can only float within a quite narrow range, with a tight up and down margin. Therefore, the central government will have a very difficult time balancing and coordinating the economic operation.

Some people with access to information disclose that in 1995, Chinese economic work will focus on the following aspects:

—**Actually strengthening the agricultural foundation to guarantee stable growth of principal agricultural products.** Development of township enterprises will continue, increasing farmer income, doing a good job on poverty work, and helping the rural poor get out of poverty.

—**Regulating the industrial mix and improving economic efficiency.** State-owned enterprises will conduct further reforms, change the system, do a good job of building the leading team, improve the quality of operators and employees, strengthen internal management, establish the market concept, try to develop production operations according to demands of the domestic and international market, strengthen product and technology development, and improve the market response ability. The government will

adopt multiple measures to create conditions for enterprises to change their operating system.

—*Control the scale of fixed asset investment and perfecting the investment mix in an attempt to maintain the entire social fixed asset investment rate at around 35 percent in 1995. Improve the proportion of investment in agricultural water conservancy, and strengthen construction in such infrastructure areas as energy, transportation, telecommunications, and raw materials, and key construction in such pillar industries as machinery, electronics, automobiles, and petrochemicals. In the next year the government will continue strict control of the newly initiated projects and will make decisions on whether to stop or postpone a group of projects for which conditions are not mature, capital not fulfilled, or which do not have bright market potential. No new medium-sized or large projects will be approved in principle before the end of 1995.*

—*Regulate the distribution process to guarantee market stability. In 1995, China will continue to carry out and improve distribution system reform measures already issued with a focus on six commodities—grain, cotton, meat, vegetables, food oils, and fertilizer—regulating the distribution process to guarantee the basic stability of these commodity prices. In 1995 there will be a temporary cessation of arrangements for structural price regulation.*

—*Further expand foreign trade and use foreign capital more efficiently. In 1995, China will continue to develop a multi-element international market by focusing on light textiles, machinery and electronic products exports, improving the quality and class of export products, and controlling the rising cost of exporting to obtain foreign exchange. It will first of all arrange the import of commodities important in the import mix, including such commodities as grain, cotton, food oils, sugar, and fertilizer, etc. It will improve technology imports; expand and absorb foreign direct investment; and encourage more foreign business investment in new and high technology industry, high added value industrial exports that earn foreign exchange, basic industries, and the infrastructure. Strict control will be exercised over the absorption of foreign investment in high-class real estate projects and high consumption entertainment facilities, large and medium scale basic construction projects, and technology replacement projects above the restrictions. No region or department may act on its own to invite business from foreign countries, but must have state approval after review of projects.*

Finance & Banking

Chen Yuan Urges Access to Asian Development Fund

HK0405034595 Beijing CHINA DAILY in English 4 May 95 p 1

[By Ren Kan: "Country Asks Access to ADB Soft Loans"]

[FBIS Transcribed Text] Auckland—China wishes to have access to the Asian Development Fund (ADF), which is the soft loan arm of the Asian Development Bank (ADB), a visiting senior Chinese bank official said here yesterday.

Chen Yuan, Vice-Governor of the People's Bank of China, said China's access to the ADF is an important step in supporting the country's economic reform and development.

Chen, who heads a delegation attending the 28th annual meeting of the Asian Development Bank which opened here yesterday, made these remarks at his meeting with ADB president Mitsuo Sato.

He also said discussions and negotiations with donor nations should be coordinated promptly regarding the forthcoming replenishment of the ADF-7.

The ADF mainly provides long-term loans at favourable rates to social development projects including agriculture, education environment, health and poverty reduction. The loans have terms of 35 to 40 years including the grace period.

ADF-6 was negotiated in 1992 among 24 donor countries. The fund is expected to obtain \$4.2 billion on the condition that China and India have no access to the fund.

Li Ruogu, ADB executive director for China, said it is unfair for China to be denied access to the loans since the country's per capita income is far below the poverty line set for recipients of the loans.

He hoped that donor countries will not block China's access to the concessionary loans.

The ADB president said he can understand China's view about its access to the ADF.

Before his meeting with Sato, Chen said in a seminar that China will further improve and refine its financial reform.

He said a full-scale reform of the State-owned commercial banks should be pushed forward and more work will be done in exploring an appropriate relationship between banks and enterprises under China's specific circumstances.

He said commercial urban cooperative banks will be established in 35 large and medium cities within this year.

He added some other national or regional commercial banks will be set up and proper competition between banks will be encouraged to promote the growth of the banking industry.

He said life insurance companies and reinsurance companies are to be set up and the insurance reserve ratio will be raised to improve the insurance market.

Chen said foreign-funded enterprises will be included gradually in the newly established foreign exchange dealing system.

Since China unified its dual-rate system last year, domestic firms are required to sell all their earned foreign exchange to banks. [sentence as published] Later, they can buy the foreign exchange from banks if they need it.

Bank Branches Fined for Bond Trade Violations

HK0305070395 Hong Kong AFP in English 0614 GMT 3 May 95

[FBIS Transcribed Text] Shanghai, May 3 (AFP)—The Shanghai Securities Exchange (SSE) has punished two member companies for trading in bonds they did not possess, a newspaper reported Wednesday.

The Shanghai Securities News daily said the Agricultural Bank of China's branches in central Gansu province and Xiamen, in southern Fujian province, violated trading last week in five-year bonds issued in 1992. Both bank branches sold the "092" series bonds even though they did not have the paper in their possession, the report said.

The SSE stopped trading in the bonds immediately, instructed the bank branches to cover their positions and fined them 0.5 percent of the daily market turnover. The companies were also suspended from trading indefinitely.

The bond futures market was suspended for more than a week in March after a brokerage firm's attempt to rig prices to make up for losses triggered heavy selling.

BEIJING REVIEW on Foreign Bank Activity in 1994

OW0305063895 Beijing BEIJING REVIEW in English No 18, 1-7 May 95 p 16

[FBIS Transcribed Text] By the end of 1994, a total of 109 foreign banks had set up branches in Shanghai, Shenzhen, Guangzhou, Tianjin and nine other cities, according to the People's Bank of China.

By late November 1994, 100 foreign banks, including finance companies had gone into operation in China, with combined assets of US\$12.45 billion. They offered US\$7.28 billion in loans and had a deposit balance of US\$2.699 billion, bringing in net profits of US\$89.45 million for the year. Net cash flow from abroad totalled US\$5.8 billion. Ninety percent of foreign bank loans were in China, with about 50 percent being offered to foreign-funded enterprises. In terms of savings deposits, 55 percent came from foreign-funded enterprises.

By the end of December 1994, foreign financial institutions had numbered 118, including 109 foreign-funded banks, five jointly-funded and wholly foreign-funded finance companies and four branches of foreign insurance companies. Among the 109 foreign-funded banks, 99 are branches of foreign banks, five wholly foreign-funded banks and five jointly-funded banks. There are now 393 foreign financial agencies in 18 Chinese cities.

Among them, 70 are insurance companies, 250 banks, 40 stock companies, 11 finance companies, 4 credit companies and 18 other financial institutions.

Distribution of 118 Foreign Financial Institutions in China

City	Branches of Foreign Banks	Wholly Foreign Funded Banks	Jointly Funded Banks	Wholly Foreign Funded Finance Companies	Jointly Funded Finance Companies	Branches of Foreign Insurance Companies
Shanghai	27		1	1	2	2
Shenzhen	21		1		1	1
Guangzhou	12					
Xiamen	8	1	1			
Tianjin	9					
Dalian	8					
Zhuhai	3	1				
Shantou	3	1				
Haikou	2			1	1	
Fuzhou	2		1			
Qingdao	3					
Ningbo		2	1			
Nanjing	1					

Development Bank Finances Foreign Conglomerate in Pudong

*OW0305144495 Beijing XINHUA in English 1433
GMT 3 May 95*

[FBIS Transcribed Text] Shanghai, May 3 (XINHUA)—Shanghai's Pudong Development Bank today issued 16 million U.S. dollars in loans to Allied Signal Inc., the largest manufacturer of turbochargers in the world, to finance its Pudong operations.

Allied Signal, engaged in the fields of automobiles, space technology and engineering materials, is ranked 38th among the world's top 500 firms by "Fortune" magazine of the United States.

Its subsidiary in Pudong, Allied Signal Turbocharging (Shanghai) Company Ltd, mainly produces turbochargers used in automobiles.

Since the Pudong Development Bank was established two years ago, it has provided comprehensive financial services for the local operations of many multinationals, including the Siemens company of Germany.

CSRC Chairman on Standardizing Securities Market

*OW0305043095 Beijing XINHUA in English 0236
GMT 3 May 95*

[FBIS Transcribed Text] Beijing, MAY 3 (XINHUA)—China will focus on standardizing its fledgling securities market to speed up the market's growth, said Zhou Daojong, the new chairman of the China Securities Regulatory Commission (CSRC).

This is the first time for Zhou to speak publicly on China's securities market after taking office as the CSRC's new chairman a month ago.

By the end of 1994, 289 companies were listed on the A share market, 58 on the B share market, with the latter raising 2.45 billion US dollars in overseas funds, according to official sources.

"Though China's securities market has grown dramatically in the past five years, there is a lot of room for improvement," said Zhou.

Major securities laws have yet to be enacted, some listed companies are not operating with a standardized framework, supply and demand are not balanced, excessive speculation often occurs, and many personnel in securities have not received professional training.

"The securities market cannot develop or survive unless it is standardized, and normal market order and investors' interests are protected," Zhou said.

CSRC will streamline the securities market's structure, cultivating a group of stable investors, including not only individuals but institutions, he explained in his speech.

A training system and a qualification system will be set up for employees in the securities sector, and measures

will be taken to reduce risks and ensure the safe operation of the securities market, he added.

Treasury Bond Dealers Suspended for Selling Short

*OW0305120695 Beijing XINHUA in English 0739
GMT 3 May 95*

[FBIS Transcribed Text] Beijing, May 3 (XINHUA)—The Shanghai Stock Exchange yesterday suspended two of its members from spot trading, futures trading, and purchasing treasury bonds because of irregularities in spot trading activities.

Exchange sources say that on April 28 the two, "Gansu Agricultural Bank" and "Xiamen Agricultural Bank," were discovered trading heavily in 1992 State treasury bonds, which will mature in 1997, without having an equivalent amount of the bonds in their accounts, a violation that today's "Shanghai Securities" newspaper described as disrupting the normal order of the country's fledgling bond market.

On the day the incident occurred, the exchange ordered the two members to replenish their accounts within a given time period and decided to fine them 0.5 percent of their sales activities every day up to the deadline.

An exchange official in charge of State debt reiterated Tuesday [2 May] that selling short is intolerable and will be dealt with firmly.

ADB Officials Stress Continued Support

*HK0405034995 Beijing CHINA DAILY in English 4
May 95 p 5*

[By Ren Kan: "ADB Will Continue Credit Support to China"]

[FBIS Transcribed Text] Auckland, New Zealand—The Asian Development Bank (ADB) will continue its strong credit support to China's economic construction because of the country's excellent performance in utilizing bank loans, a senior bank official said yesterday.

China probably will be either the largest or one of the two largest borrowers for the foreseeable future, said Peter H. Sullivan, vice-president of the Manila-based bank.

China last year borrowed \$ 1.167 billion from ADB, becoming the bank's largest borrower. Sullivan predicted \$1.2 billion in ADB loans will flow to China this year. This accounts for 20 percent of total ADB loans to Asian countries this year.

The bank also will provide \$18 million in technical assistance as grants to China which already had received \$70 million in ADB grants by the end of last year.

Sullivan said the bank will stick to its policy that good performers should be rewarded, adding all ADB-aided projects in China have been successful in terms of loan use and repayment.

This year's ADB loans will flow mainly to power, transportation, agriculture and telecommunications industries, said Eiichi Watanabe, director of ADB's Programmes Department.

The 11 projects include two power plants, two highways, two ports and the development of offshore natural gas in Pinghu off Shanghai. The bank's loans this year also will cover optical connection projects, and soil conservation and rural development in Fujian Province.

Sullivan said since the Chinese government would like to see more equal growth in different regions, the bank will work more on inland provinces.

Since China joined ADB in 1986, the country has borrowed \$4.1 billion for nearly 40 projects.

Compared with the huge population in China, the amount is quite small, Watanabe said.

But he said loans to China will not increase very much due to the small size of ADB. He predicted annual loans to China will remain at \$1.2 billion to \$1.3 billion.

Sullivan added the bank cannot provide enough funds to meet the infrastructure needs in China which will be huge for next 10 years.

He said China will need help from private sectors at home and abroad, adding the bank would like to work with the Chinese government to find ways to improve access to private sector funding.

The 55-member ADB opened its 28th annual meeting here yesterday. It has attracted 900 representatives from international banks and financial institutions, 140 senior ADB staff and 350 senior government officials.

During the opening ceremony ADB president Mitsuo Sato said poverty alleviation remains the priority objective of member governments and the bank.

Despite the general improvement in economic performance poverty continues to be the biggest challenge facing the Asia-Pacific region which is home to more than 700 million poor.

As private funds will not be readily available to meet the challenges, the bank's concessional operations through its Asian Development Fund are of particular relevance and importance to the many poor in the region, he said.

He said the region's huge external financing needs, estimated at more than \$90 billion per year, requires the bank's operation to have maximum leverage and impact.

Such leverage may take several forms.

First, bank assistance will be designed to encourage governments to mobilize domestic resources significantly.

Second, the bank will build further on the bank's already strong performance in securing co-financing for projects and programmes assisted.

Third, the bank's efforts to promote capital market development in developing member countries will enable them to mobilize domestic savings, while reinforcing existing flows of private funds to them from abroad.

Bank Sets Up New Loans for S&T Development

OW0405121595 Beijing XINHUA Domestic Service in Chinese 0259 GMT 2 May 95

[By reporter Ding Jianming (0002 1017 6900)]

[FBIS Translated Text] Beijing, 2 May (XINHUA)—This reporter has learned from the Agricultural Bank of China that the bank will appropriate 1 billion yuan as new loans exclusively in support of science and technology development [S&T].

It has been learned that to support China's S&T development and speed up the pace of transforming science and technology into productivity, the Agricultural Bank of China set up S&T development loans in 1990. In the last five years, it has extended 14.45 billion yuan of such loans in support of 739 key projects at the national level to develop high and new technology and popularize research results, as well as a number of small projects at the local level that required very little investment but produced quick results. These loans have had good social benefit and economic results, and have opened up a new path for China to integrate science and technology with banking and improve the quality of bank credits.

According to an official concerned of the Agricultural Bank of China, the amount of new loans for S&T development is the largest in the last five years. These loans will selectively support high and new technology and research popularization projects in high and new technology industrial development zones at the national level.

*Expert on Financial Reform, Commercial Bank System

95CE0323A Hong Kong CHING-CHI TAO-PAO [ECONOMIC REPORTER] in Chinese No 6, 13 Feb 95 pp 10-12

[Article by He Xu (0149 3563): "Financial Expert Professor Jiang Qiwu Discusses Financial System Reform and the Establishment of a Commercial Banking System"]

[FBIS Translated Text] Jiang Qiwu [3068 0366 0523] is a professor of the Shaanxi Finance and Economics College, member of the Academic Committee of the People's Bank of China, director of the Chinese Financial Reform and Development Strategy Research Society, and high-level academic adviser in the Financial Research Center of the Chinese Academy of Social Sciences. For several years Professor Jiang had devoted himself to research on financial theory and bank credit management theory, and a large number of his academic

works have been published. Recently, taking advantage of Professor Jiang's coming to Beijing to attend a high-level academic meeting, this writer interviewed him on the reform of the financial system and the building of the commercial bank system—both issues of concern to people.

Evaluation of 1994 Reform of Financial System

Professor Jiang made an overall, basic evaluation of reform of the financial system in 1994. First, it should be affirmed that, from the overall view and from the view of direction, the new plan for reform of the financial system that appeared in 1994 is correct, and many measures for reform in it are feasible. However, from the viewpoint of researching and promoting reform, particularly the situation in the practice of reform in the past year, we see that in this plan there also exist a phased nature and an indefinite nature, which are clearly reflected in it.

He said that what he meant by saying that in the overall view and in the view of direction the plan is correct is that the overall goals and direction of the plan and reform of China's economic system are in keeping with each other, and both suit the establishment of a market economy system. This is because reform of the economic system has already developed from the establishment of the socialist planned commodity economy system in the eighties to the establishment of the socialist market economy system. The key point of the reform in the eighties was product commercialization; the key point of the reform in the nineties is the advance of product commercialization to the key points of labor force commercialization, property rights commercialization, and important production factor marketization. For economic marketization there must be financial marketization. The new plan for the reform of the financial system without a doubt will make considerable progress and deepen in the direction of marketization. For example, in the new reform plan the functional orientation of finance is made more specific and clearer. The new plan clearly sets up three systems, and on this basis clearly orientates goals and functions, with the central banks acting as the "financial police"; specialized banks will no longer be the main body in macroeconomic regulation and control, but will be the object of macroeconomic regulation and control; and other financial organizations, like the four major specialized banks, will be "financial tools" existing side by side with the four major generalist banks to form the commercial bank system. Obviously, the new plan solves the problem of the reform plan in the eighties having no clear organizational functions in the financial system and sets up a unified undertaking and preconditions for the advance of financial reform as a whole.

In addition, the new reform plan establishes the general principle of the pluralization of China's financial organization structure "with state-owned commercial banks as the main body and many kinds of financial organizations existing side by side." Obviously, other financial

organizations will move from "compensation" to "existing side by side," i.e., from making good omissions and supplying deficiencies to developing side by side. This fully reflects the demands of market and financial reform—financial organizations must be divided into the big and the small, exist side by side in equality, and have friendly cooperation, fair competition, and survival of the fittest. From this there will emerge highly effective use of funds, promotion of industry, and constant adjustment of the product mix.

Furthermore, the new reform plan, in order to incorporate the financial market system into reform of the financial system, sets up three large systems so that they become organic component parts of the overall reform of the financial system. This reflects the fact that the establishment of financial markets has switched from being spontaneous to being conscious and also shows the direction of market and financial reform in the new plan.

It should also be pointed out that the new reform plan further expands the degree of opening up finance to the outside world. This is manifested in putting the exchange rate on parallel tracks and in relaxing conditions for permitting financial organizations with foreign funds to enter China. These things will be advantageous to the process of standardizing and internationalizing China's financial industry and deepening its financial reform.

Jiang Qiwu said that what he meant by the plan's phased nature is that the implementation of this plan is only the starting point for market finance and not the terminal point. That is to say, even if all the reform measures and tasks in this plan are implemented and fulfilled, and the three systems are established, one still cannot say that China has established a mature and comprehensive market finance system. This is because, in accord with market economy demands, its orderly operation still is a long-term process. The core of this reform plan stops at the separate establishment, merger, and adjustment of financial organizations. In particular, in the overall view, the new plan still lays particular emphasis on financial hardware—"writing an article" on organization and not yet dealing with financial software—and concentrates efforts on the commercialization of funds. Or to put it another way, the new plan does not go to a deep level of reform in financial operating mechanisms. Therefore, even if the three systems are established, it will still not be certain that funds can be handled in line with market principles, viz., managing and operating on the principles of exchange of equal values and survival of the fittest. One principle is very simple: Having organizations is not equivalent to having mechanisms and not equivalent to displaying their functions with precision. That China's central banks were established in 1984 and that up to now they have not yet been able to play their role is the best proof of this.

What I meant by the indefinite nature of the plan is that the results of reform will await the test of practice. In particular, the establishment of the three large systems is

restricted and influenced by a great many factors, and in the end it is not certain that a true central bank system and a true commercial bank system can be formed. Looking at the actual situation in the past year, we see that in the new plan there still exist two futures and two possibilities: First, moving in a fixed direction of reform, and in a healthy, orderly way promoting the reform of market finance. The other possibility is not developing a new market finance system but rather strengthening the old centralized system, and in the past year there have appeared some problems in the implementation of reform that cannot but draw our full attention. For example, it is, of course, necessary to strengthen and perfect the macroeconomic regulation and control of central banks, but the question is: Will it improve the measures for regulation and control or will it lead to rigid management? Will concentrating everything in the head office strengthen macroeconomic regulation and control? Macroeconomic regulation and control and centralization are two fundamentally different issues, and they will lead to two fundamentally different results.

Accelerate Construction of a True Commercial Bank System

Jiang Qiwu thinks that the construction of a commercial bank system is the central link in the reform of the financial system; that is to say, in the nineties the success or failure of financial reform depends on the success or failure of the construction of a commercial bank system. This is because commercial banks are the foundation of the central bank macroeconomic regulation and control; without a perfected commercial bank foundation there cannot be central bank macroeconomic regulation and control. Since the beginning of 1994, China has been establishing a central bank system, but up to now the source of slackness in financial macroeconomic regulation and control lies in the lack of the foundation and conditions for macroeconomic regulation and control—without true commercial banks there cannot be microeconomic control of the financial foundation. Commercial banks are the main body of the financial markets; without mature, powerful commercial banks—this main body of the financial markets—there cannot be a unified, open, orderly financial market system. Also, establishing a commercial bank system is an important condition for blazing new trails in the modern enterprise system. The traditional "supply system" for funds encourages enterprises to be dependent, causing enterprises to tend toward the idea that the precondition for markets is fund marketization. Only by establishing a standard commercial bank system and breaking free from the funds supply system can the enterprise transformation of industry and the enterprise transformation of finance be achieved. Therefore, the establishment of the commercial bank system is the key to the success or failure of reform of the financial system.

Jiang Qiwu said that we cannot look at surface appearances or the professional type or operational scope of the

commercial banks, but should analyze their fund-operating mechanisms. Starting from this, the commercial banks that we establish must make funds a commodity, and on the market, they must be based on the law of value and the principle of exchange of equal values, be in keeping with the changes in the relationship of supply and demand, make dispositions based on the principle of returns, and be banks in which operating mechanisms make the prices of funds follow the market. Only banks with this kind of commercial mechanism will be commercial banks that are truly different in essence from policy-nature banks and commercial banks with functions that are truly distinct from those of central banks.

Based on the direction and goals of, as well as the current reality in, reform of China's financial system, Jiang Qiwu thinks that in the nineties the content and scope of the construction of China's commercial banks may be summarized as "one body, two wings." The "one body" is the main body in the establishment of commercial banks, i.e., the specialized banks which are to be transformed into commercial banks. This is determined by the history and reality of China's financial system, because at present the four specialized banks hold 80 percent of China's total financial assets of 3 trillion yuan. Obviously, if the four specialized banks are not commercialized, the establishment of a commercial bank system will, without a doubt, be empty talk. Therefore, the weightiest matter in the establishment of the commercial bank system is the commercialization of state-owned specialized banks. However, it also will not do to just commercialize the specialized banks. This is because high-level financial monopolies also cannot achieve an effective disposition of funds and the survival of the fittest. Therefore, while commercializing the specialized banks we must enhance the commercialization of the "two wings." First, we must enhance standardization of the administrative functions of the nine joint-stock commercial banks and work hard to raise the level of the administration and management of their commercialization. Currently, we must pay a high degree of attention to the appearance of a trend toward deterioration of commercialized funds in the nine commercial banks and ensure that they act as a strong "wing" in the commercial bank system. Second, we must establish and develop local commercial banks and achieve a pluralization of the organizational structure of commercial banks. Only by changing mechanisms and standards of the main body and the administrative actions of the "two wing" organizations can we truly establish China's commercial bank system.

Jiang Qiwu pointed out that there are many difficulties and contradictions in changing state-owned specialized banks into commercial banks. Summarizing them, there are the following 10 aspects: 1) There is the problem of the property rights relationships of state-owned specialized banks, including whether and how the property rights can be changed. This is a major problem relating to systemic transformation. 2) It is very difficult to

change the departmental monopolies of the four large specialized banks. Although there are now nine comprehensive commercial banks and more than 5,000 urban credit cooperatives, of the 3 trillion yuan in financial assets the four large specialized banks hold an 80 percent share, and, under monopoly conditions, it is difficult to form an equal, orderly competition. The obtaining of monopoly profits makes it difficult for the specialized banks to generate an internal motive force for mechanisms of change. 3) Given the dependent relationship between the branch of a specialized bank and the local government, under conditions in which in short term government funds have not yet been fundamentally changed, it will be difficult to change them. The localization of administrative actions of a specialized bank branch on the one hand places a fairly large restriction on the functions of systemic regulation and control of the head office of the specialized bank. On the other hand, it is detrimental to arousing the enthusiasm for internal administration of branches at all levels. 4) It will be impossible to change the specialized bank "supply system" for credit funds under conditions in which there has not been a big movement in enterprise reform, especially when enterprise mechanisms have not yet changed. Under the conditions of flexible restraints on credit, self-restraining mechanisms cannot be set up in commercial banks. 5) The legacy of history has made specialized banks powerless to digest, within the short term, bond debentures (an enterprise's bad debts or suspended financial accounts). 6) The criteria for differentiating financial ventures of a policy nature and those of a commercial nature are not clear, and the methods for doing so are not standardized. Now the three newly formed banks of a policy nature and the four specialized banks, differentiated by venture, in reality are the result of coordination in foundation at the critical point of balance, and they are not banks of a policy nature truly differentiated based on the original intent of the reform. 7) The relationships between the branches of the four large specialized banks and their head offices have not been well disposed. 8) It is difficult to replenish capital funds shifted from specialized banks to commercial banks. 9) It is difficult to resolve the non-marketization of interest rates. The core of market mechanisms is price mechanisms, and the core of market finance is market interest mechanisms. At present China's fund prices are still planned, and, such being the case, commercialized operations cannot be discussed. Obviously, at present there are also no conditions for shifting price mechanisms to commercial banks. 10) Risk expectations shifted from specialized banks to commercial banks are inconsistent. With regard to the shift from specialized banks to commercial banks, is it a factor for accelerating inflation or for slowly decreasing and resolving inflation?

In the abovementioned 10 difficulties, the greatest difficulty is the demarketization of the supply system for funds and interest rates.

Jiang Qiwu said: Summing up the experiences and lessons of the past 16 years of reform, and also considering the complexity of the current situation in reform, in promoting the shift from specialized to commercial banks we should jump out of the framework in which finance and change are a case of "finance talking about finance," and make a change from the method of "groping for stones to cross the river" to the method of "first building a bridge and then crossing the river."

The specific operational method is: The financial administration every year issues a special social insurance fund bond, and the central banks draw out 20 percent of the newly added annual 5 to 6 billion yuan, or about 1 billion yuan, to buy this kind of bond. The financial administration uses this money to set up social insurance banks. Enterprises that should go bankrupt are then to go bankrupt, and the unemployed workers of a bankrupt enterprise, in line with social security regulations, then make use of the unemployment relief funds provided by a social insurance bank. The specialized banks will no longer need to ensure the supply of funds for enterprises that should go bankrupt, and they can, in line with market principles, decide the objects of their loans. For a central bank, the purchase of this kind of special national debt increases the amount of debentures held; thus, it can expand its open market ventures and give full play to the role of a central bank in making use of the open market to regulate and control the money supply. This method both solves the social security problem of the staff and workers of bankrupt enterprises and lightens the social security task borne by specialized banks; it can both cause specialized banks to truly set up fund-operating mechanisms of a "debt repayment system" and provide for central banks the foundation and possibility of macroeconomic regulation and control.

For microeconomic main-body specialized banks, in the shift to commercial banks, based on the current reality and the tasks and goals of reform, there are two main things to do well: First, do a solid investigation and study of the problem of shifting one's bad debentures. Someone has advocated that the bad debt loans of an enterprise be changed to stock rights. He thinks that, with regard to some special enterprises that are now in difficulty but that still have prospects for development, this method can be tested. However, it absolutely cannot be popularized over a wide area. Through the clearing of production accounts by enterprises and banks, the bank bad-debt preparation rate will be raised, and the method of canceling some bad debts may be tested but only at an opportune moment. Also, the method of terminating suspended accounts may be tested. However, we certainly must make a point of having two-way suspended accounts, i.e., the bank has a suspended account for an enterprise, and the financial administration at the same time has a suspended account for the bank. With regard to the fact that because the bank receives little interest from a suspended account, the financial administration must make up the difference and reduce the amount of profit of the same kind that the bank turns over to the

higher authorities. Second, there must be a vigorous reform of the way credit is handled and the way accounts are settled. We must truly stop "point goods," raise the proportion of mortgages and discount loans, and reduce the proportion of credit loans. The "three bills, one card" way of settling accounts on loans must be restored, and the way of settling accounts by making consignments must be stopped. Commercial bills must be put into practice, and the transformation of commercial credit into vouchers must be accelerated.

For Urban, Rural Credit Cooperative Banks

Bringing up the issue of forming urban and rural credit cooperative banks, Jiang Qiwu maintained: The formation of urban and rural credit cooperative banks is an important part of the reform of China's financial system.

First, the formation of urban and rural credit cooperative banks is an important measure for perfecting the organizational structure of commercial banks. With regard to standardizing management and administration of urban and rural credit cooperatives, displaying the functions of the existing credit cooperatives, forming scaled benefits, and improving the ability to withstand risk, it is of extremely important significance.

Next, proceeding from reform, development, and stable relations advantageous to the correct handling of the reform of the financial system, the general principle for establishing credit cooperative banks is that the necessary and possible capacity to carry them on must be combined. During formation there must be a focus on different circumstances and consideration of its complexity and on the foundation of different methods for different circumstances.

Furthermore, based on the reform plan, the newly formed urban and rural credit cooperative banks should be local joint-stock cooperative banks, limited liability companies without a higher-level department in charge, and not local government banks. To meet this requirement by specific methods, the first method should be to rebuild. There should be establishment by stock participation, from top to bottom, and there must not be stock control from top to bottom. Second, there must be one share, one vote. Third, there must be, under the leadership of the board of directors, a general manager (bank president) responsibility system. The board of directors should be selected by a meeting of the stockholders and not appointed. Fourth, the second-level independent corporate system must be put into effect in order to stabilize the existing financial order. Fifth, the cooperative banks should be managed and supervised by the People's Bank of China; it is inadvisable to have local governments manage them.

Finally, to prevent the cooperative banks from mutating into local government banks, it is advantageous to stabilize the existing financial order, which will be advantageous to the continuity of policy and to the constant perfecting of the existing operating mechanisms of the

credit cooperatives. The People's Bank at all levels should be responsible for the formation of the cooperative banks; it is inadvisable to have local governments form them.

*Financial Official Views Bonds, National Debt

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[Article by Lu Wei (0712 3555), General Department, General Office, Ministry of Finance; edited by Chen Shukui (7115 3219 7608): "Analysis of China's Current Debts and Its Debt Policy"]

[FBIS Translated Text] In recent years, China's debt burden has become increasingly heavy as can be seen from the expanding scale of debts and the shrinking intervals between peak debt-repayment periods. Now government bonds are more and more difficult to sell. During the Ninth Five-Year Plan period, we expect that the scale of the national debt will continue to grow and that the debt problem will become a significant negative factor affecting the nation's economic activities. To seek a proper solution to this problem and prevent a debt crisis, this article analyzes the current condition of the national debt and the trend of its development in the near future. It is hoped that such an analysis can be used as a reference in formulating relevant policies.

Reasons for China's Increasing Debt Problem at the Current Stage

I. **Reason of change in the economic structure:** Construction bonds themselves have an inherent tendency to expand in an "irreversible" and "accelerating" manner. This characteristic is incompatible with the requirements of market-oriented economic development.

The above-mentioned incompatibility of construction bonds SS [as published; expansion unknown] is the basic reason for the increasing debt problem.

I. Construction bonds have the characteristic of expanding in an "irreversible" and "accelerating" manner. In our country, it has long been a practice for most of the funds needed for construction to be provided by the state through financial means. Now the acute dilemma is that we are in need of large amounts of funds for the modernization program, whereas the funds provided by the relatively backward economy are rather limited. To overcome this dilemma, the financial authorities, aside from taxation and other regular income sources, have inevitably relied on the issuance of bonds to increase government income where political and economic conditions permit to satisfy the need for construction funds and quench the "thirst" for investment. As can be seen, government bonds belong to the category of construction bonds. Within a certain period, the issuance of government bonds are subject to various objective economic conditions, such as the capacity of bond-buyer and government ability to repayment. So

objectively, there is a specific limit on the amount of bonds issued, and overissuance beyond this limit will sooner or later produce a negative effect on the economy. In the case of construction bonds, however, the authorities are always trying to break through the upper limit to expand the issue and raise as much construction money as possible. This is so not only during times of financial difficulty when the fund supply is under strain, but also during periods of relatively sound finances when tax revenues and other regular sources of income show fairly good growth. For this reason, the continuous issuance of construction bonds and the ceaseless expansion of their scale have "irreversible" characteristics. When bonds are issued continuously, it is frequently necessary to redeem mature bonds and pay their interest, and such expenditures naturally offset part of the new bond sales proceeds that can be used for economic construction. To ensure the supply of funds for construction needs, there is an inevitable pressure to increase the amount of bonds issued, or in other words, to accelerate the issuance of bonds, so that a relatively large amount of funds will be available for economic construction after the redemption of mature bonds. This makes it necessary to accelerate the issuance of bonds, hence their "accelerating" characteristic.

Nonetheless, the "irreversible" and "accelerating" characteristics of construction bonds conflict with the economic mode, which is being switched to a new track. With the gradual development of a socialist market economy, the state will rely mainly on indirect measures to exercise macroeconomic regulation and control. Accordingly, government bonds should be changed from the production-and-construction type to a macroeconomic-regulation-and-control type. Their emphasis should be shifted from purely raising funds to exercising indirect macroeconomic regulation and control as well as raising funds for construction. And, gradually, the principal purpose of government bonds should be changed to helping balance the total supply and demand in society by indirect regulation and control. That way the state can, through financial and bond policies, effectively intervene in and influence the macroeconomy to ensure its smooth operation. To achieve that purpose, the state should be capable of flexibly adjusting the amount of bonds issued in line with changes in economic condition to meet the needs of indirect macroeconomic regulation and control and, at the same time, provide funds for construction requirements. However, due to the "irreversible" and "accelerating" characteristics, construction bonds lack such flexibility. For example, the country's total demand has swollen to an excessive extent during the past few years. From the viewpoint of indirect macroeconomic regulation and control, we should reduce the amount of bonds issued. Yet in recent years, the country is more and more in need of energy and transportation development, and the financial department is under increasing pressure to provide funds for key construction projects. This, plus the advent of the peak bond-redemption period, makes it necessary

to speed up the issuance of new bonds. Such a state of affairs is hardly compatible with the ongoing change of the economic system.

2. The distribution of construction bonds cannot be changed from compulsory to an economic method. This has not only made it more and more difficult to distribute bonds, but has also increased the difficulty of using bonds as instruments for indirect macroeconomic regulation and control. Construction bonds have the characteristics of low interest rates, long maturity periods, lack of diversity, and being less flexible in terms of marketability and liquidity. These characteristics meet the requirement of raising large amounts of construction funds, but are contradictory to the economic distribution method. This is why in the Soviet Union, as well as in our country, the targets of selling bonds used to be fulfilled primarily by political mobilization and administrative measures. Now with the change of our economic system, more and more activities are becoming commodity-oriented and money-related. In economic activities, people are now more eager for and paying greater attention to economic interests than ever. Under such circumstances, it is more and more difficult to distribute bonds by non-economic methods, and the maturity periods of bonds are becoming shorter and shorter. On the other hand, however, because of the "accelerating" characteristic of construction bonds and the long construction periods of large projects, more bonds must be issued within a short time. Especially because of the improper bond structure, the state has to rely on political mobilization and administrative measures to ensure the fulfillment of the bond-distribution task. This means more direct interference in the overall economic operation by the state through administrative measures, which further hampers the change in the bond-distributing method from compulsory to economic distribution. Such a situation may result in a vicious circle, which could worsen the national debt problem within a short period of time.

With regard to foreign debts, the main purpose is also to make up for the shortage of funds for domestic construction. Hence, there are similar problems. With the ongoing change in the economic system, on the one hand, local authorities and various departments, acting in their local interest, are quenching their investment thirst by acquiring capital from overseas. On the other hand, relations between central and local governments have yet to be rationalized, and because of the present loss-shifting mechanism, local governments can shift the risks in using foreign loans to the central government. Under such circumstances, all foreign debts of the country, though not too much in amount at present, have virtually become central government financial burdens. Such a burden is indeed very heavy.

II. Reason associated with financial reform: Because of the slow pace in transforming financial functions, expenditures have always grown faster than revenue. Government bonds have become a significant tool to make up the red figure. Hence, our national debts have climbed up quickly.

With the change of the economic system, there should be a gradual decline in the thirst and drive for investment, and, accordingly, the internal pressure for the expansion of bond issuance should diminish. Also, we should adjust the features of our construction bonds by incorporating into them the function of macroeconomic regulation and control. In fact, however, our slowness in transforming financial functions has failed to meet in a timely manner the requirements of the change of the economic system. While distributing financial resources and delegating financial power to the local level, the central financial authorities continually have to bear the burden of undue spending, thus widening the gap between revenue and expenditure. This is a direct reason for the quick worsening of the debt problem.

1. Tax revenues lack flexibility, and the proportion of revenue in the national income has dropped too quickly. As a result, government bonds have increased rapidly and become a major way to create more revenue. The past few years have witnessed a marked decline in the government's revenue-raising ability as can be seen from the following: 1) The growth of revenue is way below GNP growth. From 1986 to 1992, the GNP grew by an average 15.9 percent annually in terms of current prices, whereas the average annual growth rate of our financial revenues (excluding bond income) was a mere 8.4 percent. Of the revenue growth, the revenue from various taxes increased by an average 7.3 percent per annum. The growth elasticity coefficient was 1:0.52 for total financial revenues and 1:0.46 for tax revenues. In Japan, the tax-revenue elasticity coefficient averaged roughly 1:1.1 before 1986 and surpassed 2 during the 1986-1988 period. 2) Because of the inadequate growth elasticity of our regular income, the share of financial revenues in the national income has diminished each year—from 31.9 percent in 1979 to 19.54 percent in 1991 (excluding bond income). The last percentage was less than the minimum revenue that the state should possess in order to carry out its financial functions. According to an analysis based on the final 1989 government accounts, even after the complete transformation of financial functions in line with the needs of socialist market economic development, the minimum financial resources required to meet the needs of the total public expenditure budget (the public operating expense budget plus the public construction budget) should not be less than 23 percent of the national income (the percentage for 1989 was about 21). With regard to the situation in the world, records of 26 countries and regions show that the percentage of their financial revenue in the GDP has increased each year. Their average percentage rose from 34.1 in 1979 to 42 in 1989. For countries with developed market economies, the percentage rose from 42.8 to 48.7 during the same period, and for developing countries, from 25.5 to 35.5. By contrast, our country's figure declined from 26.2 percent to 17.5 percent during the same period, and in 1993, it dropped further to 13.9 percent. 3) The percentage of central government revenue in the country's total revenue has also declined each

year. Since the early 1980's, when the financial responsibility system was put into force, central government revenue has grown at an decreasing rate, and its percentage in the country's total revenue has fallen from 51.2 percent in 1982 to 38.6 percent in 1992 (excluding bond income). In the vast majority of countries in the world, central government revenues accounted for over 60 percent of their total revenue, based on the 1988 data covering 45 countries and regions. The above-mentioned situation has forced China's central government to issue bonds as a way to remedy the inadequate growth of revenue to meet the needs of capital construction investment. Thus, national bonds have become a regular instrument to create income, and their issuance has increased quickly year after year.

2. The government's financial functions have not changed in time, and a system of centralized expenditure management still exists, resulting in a rapid increase in central government spending. One problem is that, with the abolition of the centralized revenue system, the central government has granted power to state-owned enterprises allowing them to keep a greater share of profits. On the other hand, however, a system in which the central government takes care of all expenditures still exists. This has put a double financial burden on the central government. Based on relevant materials, it is estimated that in 1987, before the reform, funds provided by the financial authorities to enterprises were equivalent to about 22 percent of the total expenditures of that year. After the reform, the financial authorities granted power to enterprises allowing them to keep a greater share of profits. Up to 1989, the profits that enterprises were allowed to keep were equivalent to 22 percent of the total state expenditure. That is to say, through the reform, which reduced enterprise profit share to be turned over to the state, enterprises could still get the same amount of benefit in terms of money as they had received from financial authorities before the reform. What is more, as the central government's financial functions had not been adjusted accordingly, it was still responsible for providing funds to the enterprises. The result was that, in addition to the profits that the enterprises were allowed to keep, a large amount of funds—equivalent to 33.6 percent of the state's total expenditure—were provided to enterprises in the form of appropriations, before-tax loan payments, and loss compensation. This, plus the above-mentioned profits retained by enterprises, adds up to 55.6 percent of total state expenditures. That is, the state financial burden was twice as large as during the period of centralized revenue and expenditure management. The second problem is that, with the development of the market economy, diversified economic operations have grown quickly, and there is an increasingly strong demand for the construction of infrastructure and public facilities. Public financial functions to serve the construction requirements are, therefore, needed urgently. As a result, the financial authorities have to increase investment in

public facilities, leading to a quick boost of state expenditures. And, with an insufficient revenue growth elasticity, the financial authorities can only resort to a faster increase in the soft deficit to close the gap and achieve a balance between revenues and expenditures. During the period from 1987 to 1992, the country's soft deficit increased by an average annual rate as high as 28.38 percent and served as a major means of supporting development of the economy.

III. Reason Due to National Debt Management:

Because of the above two reasons, there is not much flexibility and leeway in the concrete management of national debts. With regard to debt duration, because of the increased difficulty in selling government bonds, we have shortened again and again the terms of bonds—there is no difference in duration between bonds issued to individuals, organizations, and various funds. Because of this, the interval between peak bond-redemption periods has become shorter and shorter. As for bond marketability, bonds are distributed mainly by administrative methods, and it is still hard for banks to develop bond business on the open market. As bonds cannot be readily marketed, their liquidity is limited. With regard to the interest rate, since there is not much risk in investment in other securities, and national bonds have only limited liquidity, the only reason that people would choose to invest in bonds is the interest rate. However, since our national bonds are issued in large amounts with short intervals between peak redemption periods and have no competitive edge with respect to the interest rate, they are not attractive to investors. At present, national bonds are distributed mainly by the administrative method, and each level of government is assigned a quota for selling bonds. The local government objective is to fulfill the quotas. They seldom consider the effect of the structure of bond holders on the economy. Sales promotion campaigns are mainly of short duration. Every year, only one or two months are spent on such campaigns. After this year's sales quota has been fulfilled, no more work seems necessary, and there is no need to worry about next year's work at that time. In other words, the issuance and sale of national bonds are not treated as long-term policy or measures. This attitude is not in line with the important position presently held by national bonds in increasing state financial income and balancing revenues and expenditures.

China's Debt Scale Compared With That of Other Countries

I. International comparison of main indicators

As far as reliance on debts is concerned, the central government has remarkably increased its reliance on debts to meet financial expenditures. The degree of such reliance rose quickly from 7.9 percent in 1981 to 26.3 percent in 1992. If foreign debts borrowed and to be repaid by the central government are included, the degree of reliance on debts rose from 19.7 percent in

1981 to 37.6 percent in 1992. This last percentage has reached the highest level of debt reliance ever posted by Japan (37.5 percent). It has also exceeded by a big margin the current records registered by developed countries in the world (10-23 percent).

With regard to the rate of debt redemption, the proportion of debts to the GDP has also risen year after year. During the period of the Eighth Five-Year Plan, the average proportion of our internal debt to the GDP for each year is estimated at 2.8 percent, and if foreign debts are included, the proportion is be higher. This is close to that of most industrial countries.

As to the rate of debt burden, the net central government internal debt was 127 billion yuan in 1992, equivalent to 5.35 percent of China's GNP for that year. This percentage was way below Japan's 44.7 percent, the United States' 54.4 percent (for 1991), Britain's 30.4 percent (for 1990), and Germany's 21.8 percent.

boldII. Basic Comments on the Debt Scale

1. The above indicators show that our reliance on debt has apparently exceeded the average degree of debt reliance registered by developed countries, and the rate of debt redemption has already approached the alarm level. But our rate of debt burden is far less than that of developed countries. This has much to do with China's current financial situation. The low rate of debt burden indicates that our present debt scale is not big compared with the GNP. And in view of our national economic growth rate, we are fully capable of bearing the present debt burden. But because of the low percentage of financial revenue, especially central government revenue, in the national income, we cannot merely depend on taxation to meet our expenditures. Under these circumstances, national debts are a significant way to create a financial income to supplement taxation, and bond income, accordingly, accounts for an increasing proportion of the national income. This is why we have a high degree of debt reliance, and our rate of debt redemption has grown quickly. Such variations in the indicators show that, while our national economic growth will enable us to fully endure the debt burden, financial operations will have to rely more and more on national bonds because of the small proportion of regular revenue in the national income and the insufficient flexibility of tax receipts. This situation makes it very hard to clear present debts by relying on financial resources. If the scale of debts continues to expand, the financial situation may fall into the predicament that we have to incur new debts in order to pay off the old ones.

2. Despite the above, we should not conclude that the scale of the national debt has reached the limit. The current situation is that we have a low rate of debt burden, but a high rate of debt redemption, the latter being of a tentative nature. The present difficulties are attributable to a lack of experience and long-range planning in formulating bond policy. An example is the irrational bond terms, which have led to the appearance

of peak bond-redemption periods during the implementation of the Eighth Five-Year Plan. In addition, as we have stated above, a large part of the national debt is used to remedy the shortage of funds for regular financial expenditures and to make nonproductive investments. At the same time, the proportion of our national income accounted for by central government revenue is becoming less and less. On the one hand, no investment returns are created by the national debt; on the other, central government revenue is too low. Thus, it is no surprise that the central government is experiencing difficulty in paying off its debts.

3. The above indicates that, in the present situation, our financial ability for debt-repayment has reached the limit. Unless we can promptly adjust the duration of our national debt, boost our tax revenue, and control the excessively fast expenditure growth, we should not expand our debt scale any further. The experience of most developed countries is that the scale of their national debts once quickly expanded even to the extent of triggering a debt crisis, and then steps were taken immediately to adjust the debt scale. Most developing countries also relied on the fast expansion of their external debts to effect an economic takeoff, followed by a timely adjustment of the debt scale. Viewed from this perspective, China's debt management is also expected to undergo the same process. How shall we use national debt as an instrument to effect a relatively fast growth of the economy and, at the same time, prevent the occurrence of a debt crisis? This will be a principal matter to be taken up by debt management.

4. The Ninth Five-Year Plan period will be an essential period for China to adjust its debts and optimize its debt structure. During this period, all debt-related studies will be urgently needed, whether it is the macroeconomic study of relations among debts, finances, and currency, or the technical study in connection with the development of bond markets. In foreign countries, the main methods used to cut the debt scale are trimming government spending and boosting tax revenue. In our country, aside from adjusting the debt scale by implementing proper revenue and expenditure policies, how to raise efficiency in utilizing national debts is also a significant question to be studied.

Debt Policy in Financial Reconstruction

Financial reconstruction is a financial and tax reform project designed to cope with a possible debt crisis in the future. The debt, in itself, can be viewed as a means as well as a result. As a means, it can actively raise funds for construction and exercise macroeconomic regulation and control to promote economic development. It is a result because excessive amounts of bonds issued and imbalanced financial revenues and expenditures often give rise to undue expansion of debts and even trigger debt crisis. In view of this, we should, from now on, do the following through a series of financial reconstruction measures: On the one hand, we should continue to use

national debt as a means and utilize it still better. On the other hand, we should cut the scale of debt to avoid the occurrence of a debt crisis. In 1985, Japan was confronted with a debt crisis; that year its net amount of national debt skyrocketed to a level equivalent to 42 percent of the GNP, as against 3.7 percent in 1970. In the early 1980's, Japan, in anticipation of the imminent debt crisis, put forward the slogan of "financial reconstruction without raising taxes" and took a host of measures to balance its revenues and expenditures. Its experience and lessons are worth drawing on. Now, we are going all out for financial and tax reform. This is a very good opportunity to promote financial reconstruction by using the motive force of financial and tax reform.

Financial reconstruction is not merely aimed at balancing revenues and expenditures. More importantly, it has the goal of using national debt more flexibly on the basis of balance between revenue and expenditure. Following are some fundamental suggestions in this regard:

I. Achieving fast revenue growth and building a reasonable and stable expenditure system through financial and tax reform to put regular expenditures under control and ease the pressure of being forced to incur debts.

As stated above, China's relatively slow growth of financial revenue and the too low percentage of central government revenues in the national income are major reasons for its large scale of debts. The ongoing reform targeted at the tax revenue-sharing system is aimed at reinforcing central government financial resources and strengthening financial regulation and control. It will establish a revenue-boosting mechanism to remedy current financial difficulties. If this reform can produce a fairly effective result, say, if it can bring the elasticity coefficient of our revenue growth to more than 1 in relation to the GDP (it was 0.66 during the first three years of the Eighth Five-Year Plan), then our financial condition will improve remarkably.

Meanwhile, we should establish a reasonable expenditure system by differentiating financial and operational powers. This system will enable us to control regular expenditures, curb the "investment drive" in various localities, gradually transform construction bonds to the type of bonds serving the purpose of macroeconomic regulation and control, and change the state of affairs in which we are forced to incur debts. Expenditure management should be seen as the key to the balance between revenue and expenditure. If our expenditures remain in the previous state with the central government taking care of all payments and various localities going all out to spend money, revenues will be exhausted no matter how fast it grows. In expenditure management, Japan only took measures to strictly control the annual spending in general during the early years of its financial reconstruction. Despite negative expenditure growth in 1983 and 1984, the real cause of expenditure swelling—problems like overstuffed government departments and inefficient

systems—was not touched at all and expenditure pressure remained considerable. In addition, the inefficient use of tax receipts increasingly evoked taxpayer complaints. When facts about the large amounts of subsidy to farmers, the handsome pensions paid to retired local civil servants and responsible persons of public groups, the unjustifiable disbursement of local funds by politicians in running election campaigns, and other previously hidden irregularities were exposed, popular resentment against the government was on the verge of breaking out. Under such circumstances, the government had to form an ad hoc administrative investigation committee and put forward a series of plans to cut annual spending in general in an effort to beef up expenditure management. In view of Japan's experience, we must do well in the current financial and tax reform. We must establish an effective expenditure management system by distinguishing between financial and operating powers.

II. Setting up a system for distributing national bonds with economic distribution as the main method and administrative distribution as a supplement in an effort to gradually increase the flexibility of national bonds and boost their role in macroeconomic regulation and control.

Because of the relatively large debt burden carried over from the past, the scale of our national debts will still be rather large during the period of the Ninth Five-Year Plan even after we have strengthened revenue-expenditure management. We will still be forced to issue government bonds. Large amounts of bonds issued will still be used to make up the financial deficit and to clear old debts. And efforts will still be required to develop the role of national bonds as instruments of macroeconomic regulation and control. At present, due to our debt scale and the degree of our financial development, we continually have to rely on the administrative method to sell national bonds. In line with this situation, we should take the following measures to improve bond distribution:

1. With regard to the variety of national bonds, we should have two categories, i.e., patriotic bonds and bonds distributed on a competitive price basis. This will solve the dilemma caused by administrative versus economic distribution under the single-type system. During the Ninth Five-Year Plan period, patriotic bonds will remain the dominant category. Their interest rate may be a little lower, and they should be distributed by administrative means accompanied by open publicity campaigns. The main purpose of patriotic bonds is to pay off old debts and remedy the financial deficit. Bonds distributed on a competitive price basis should be used principally to raise funds for construction. They should be in the form of special bonds with the interest rate to be decided through competition. Also, a bond-redemption fund should be established. Efforts should be made to raise the efficiency of using the money obtained by selling bonds. Through experiments with the

distribution of bonds on a competitive price basis, we should try step by step to put national bonds on the track of economic distribution.

2. The present two bond-distribution channels—by the financial departments and by banks—should continue to exist. Financial departments should establish bond-distribution and transfer organizations and make them perfect. They should also develop, at appropriate times, a number of securities companies with a view to promoting bond transactions. Patriotic bonds should be distributed by and large by financial departments. Bonds distributed on a competitive price basis should be supervised by financial departments, but the actual distribution should be taken care of by banks. Banks themselves may hold some national bonds, but under the present circumstances, the amount of bank-held bonds should not be too much. Patriotic bonds should be sold to individuals in most cases, though a small amount may be targeted at institutional buyers. While both channels are used for the distribution of bonds, a special organ for utilizing and managing funds obtained from selling bonds may be established to assume overall management of national debts.

3. We should adjust the terms of national bonds. The present practice of seasonal issuance of national bonds should be changed so that bond distribution will become a flexible and regular activity. First, short-term national bonds of a three- or six-month duration should be sold to organizations. The purpose of issuing such short-term bonds is to increase fluidity. Second, national bonds of two-and three-year terms should be sold to individuals in the main. Third, long-term national bonds should be sold to various funds. Since in recent years some funds have already absorbed a fairly large amount of national bonds—as much as 60 percent of these funds are in national bonds—most of the medium- and long-term bonds sold to them in the near future should be conversion bonds, i.e., “new bonds issued to replace old ones.” The purpose of such conversion bonds is to prolong the debt.

4. At appropriate times, we may issue some low-interest and long-term bonds to be sold abroad. This will prolong the debt and ease debt-repayment pressure at peak bond-redemption periods.

Foreign Trade & Investment

Li Ruihuan Welcomes Japanese Business Leader
OW0405051195 Beijing XINHUA Domestic Service in Chinese 1430 GMT 2 May 95

[By TIANJIN RIBAO reporter Wang Yongliang (3769 3057 0081) and XINHUA reporter Dou Heyi (4535 0678 5030)]

[FBIS Translated Text] Tianjin, 2 May (XINHUA)—Li Ruihuan, member of the Standing Committee of the Political Bureau of the CPC Central Committee,

chairman of the National Committee of the Chinese People's Political Consultative Conference, and honorary president of the 43d World Table Tennis Championships, met this evening with Isao Nakauchi, president of Japan's Daiei Corporation, at the State Guest House in Tianjin.

Daiei Corporation is Japan's largest retail enterprise group and ranks fifth in the world in retail sales. Daiei is one of the earliest enterprises to establish business cooperation with Tianjin after China's opening up to the outside world. Isao Nakauchi has done a lot of work to help Tianjin expand foreign trade and open up to the outside world. He has been appointed an adviser to the Tianjin Municipal People's Government. He has come to Tianjin to attend the opening ceremony for the 43d World Table Tennis Championships at the invitation of the Tianjin Municipal People's Government and the organizational committee for the 43d World Table Tennis Championships.

Li Ruihuan welcomed Isao Nakauchi and his party. Li Ruihuan said: This is the first time that Tianjin is holding such a large-scale international sports competition. The opening ceremony was quite successful. It will have a great bearing on raising Tianjin's popularity and promoting Tianjin's further opening up to the outside world.

Li Ruihuan said: Isao Nakauchi is an old friend of people in Tianjin and also an adviser to the Tianjin Municipal People's Government. He has done a lot of work for Tianjin's opening up to the outside world. Daiei Corporation is very famous in the world's retail business. Production requires good knowledge, and marketing also requires good knowledge. The integration of production with marketing requires even deeper knowledge. Daiei has accumulated abundant experience in this respect. I hope Daiei and Tianjin will further strengthen cooperation and establish well-known stores to service the broad masses of consumers.

Isao Nakauchi spoke highly of Tianjin's sponsorship of the 43d World Table Tennis Championships. He said: Tianjin has made the best impression on me. China has been developing rapidly in recent years and Tianjin is also developing rapidly. We will make Tianjin a base and set up a food processing and marketing center.

Tianjin Municipal CPC Committee Secretary Gao Dezhao and Tianjin Mayor Zhang Lichang were present at the meeting.

Union Spokesman Says Foreign Bosses Mistreat Workers

OW0405024595 Beijing XINHUA in English 0156
GMT 4 May 95

[FBIS Transcribed Text] Tianjin, May 4 (XINHUA)—A Chinese trade union spokesman has urged foreign bosses to pay more attention to safeguarding Chinese workers' rights.

He claimed at a seminar here that in certain foreign-funded enterprises some Chinese workers were ill-treated by their bosses.

But he also noted that the number of such cases was small and this was not a commonplace practice.

The seminar was sponsored by the All-China Federation of Trade Unions and attended by trade union representatives from other countries.

According to the spokesman, in the above firms, the forms of ill-treatment of Chinese workers include physical punishment, extending working hours without any explanation and even delaying payment of wages.

Chinese trade unions have warned foreign bosses on this account, and have brought some cases to court, he added.

So far, China has 32,000 trade unions in foreign-funded enterprises, accounting for 40.6 percent of the total.

A trade union should be set up when a company opens for business, according to Chinese law.

Australian Mining Giant Opens Subsidiary in Shanghai

OW0205140695 Beijing XINHUA in English 1351
GMT 2 May 95

[FBIS Transcribed Text] Shanghai, May 2 (XINHUA)—The BHP Steel Building Products (Shanghai) Company Ltd, the first enterprise launched in China by the BHP iron and steel company of Australia, opened here today.

At a ceremony to mark the opening of the new company, BHP Chief Executive Officer Ron McNeilly said that the new enterprise is part of his company's large-scale investment in China.

He said that a similar enterprise involving investment from BHP, the 17th-largest iron and steel complex in the world, is set to open in the Guangdong provincial capital of Guangzhou later this year.

Meanwhile, a feasibility study for the company's investment in a large thermal power plant in southwest China's Sichuan Province is well under way, he added.

He said that the BHP Steel Building Products Company will be built at a total cost of 18 million U.S. dollars, the largest investment project ever undertaken by his company in Asia.

BHP will provide modern raw materials and technology to its Shanghai-based subsidiary, which will market 70 percent of its products in China, he said.

The products will include steel sheets plated with aluminum and zinc, colored steel sheets and waterproof materials, he added.

BHP provides six million tons of iron ore to China a year, he said, adding that it is also developing a lead

mine and a zinc mine in Sichuan together with Chinese companies as well as prospecting for oil in China.

To date, BHP has set up 85 subsidiary companies in 26 countries. It has invested 1.5 billion U.S. dollars on average annually all over the world over the past few years.

High-Tech Zones Mushroom in Chang Jiang Delta

OW0305123595 Beijing XINHUA in English 0811
GMT 3 May 95

[FBIS Transcribed Text] Shanghai, May 3 (XINHUA)—New and high-tech industrial development zones are springing up everywhere in the Chang Jiang River Delta, one of China's most economically- developed areas.

Consisting of Jiangsu and Zhejiang provinces, and Shanghai, the delta area has six new and high-tech state development zones with 1,500 enterprises involving micro-electronics, modern telecommunications equipment, new materials, and bioengineering.

The total income from technology, industry, and trade in these zones exceeded 30 billion yuan last year, accounting for some 30 percent of the total income of the country's 52 new and high-tech state development zones.

The Shanghai Caohejing New-Technology Development Zone, founded in 1988, is now home to more than 500 enterprises, including 150 foreign-funded ones.

The zone has many high-tech industries, from micro-electronics, computers, optical fiber communications, bioengineering, new materials, electronic apparatuses, and industrial meters to aviation and spaceflight facilities.

Jiangsu, Zhejiang, and Shanghai have worked out a number of policies to encourage high-tech industries in recent years.

In a three-year development scheme, the Changzhou Development Zone, in Jiangsu, has housed more than 100 high-tech enterprises, which obtained a total income of two billion yuan last year.

The Hangzhou Development Zone, in Zhejiang, has 216 enterprises, of which 65 are foreign-funded.

Last year, 123 out of 350 new and high-tech enterprises that the Shanghai municipal government has designated, were located in the zone. These enterprises, which produce more than 370 new and high- tech products, generated industrial sales amounting to 8.7 billion yuan, accounting for 95 percent of the zone's total.

"The development of new and high-tech industries are the future and hope of a nation, and I am pleased with the progress made by the zone over the past few years," Wang Zhihong, general manager of the Development Corporation of the Shanghai Caohejing New Technology Development Zone, said.

Hua Yuda, chairman of the Shanghai Municipal Science and Technology Commission, has called for giving modern science a greater role in supporting the economy, and speeding the pace of construction of new and high-tech zones.

Shanghai is accelerating the construction of the second phase of the Caohejing Development Zone, and plans to develop the Zhangjiang New and High-tech Park in the New Pudong Area, and the Non- government Technology-Intensive Park in Jiading County, on the outskirts of the municipality.

By the end of this century, the proportion of high-tech industries will account for 20 percent of the total industries in Shanghai and 15 percent of those in Jiangsu Province.

Industrial Gases Joint Venture Starts Full Operation

OW0405121495 Beijing XINHUA in English 1057
GMT 4 May 95

[FBIS Transcribed Text] Beijing, May 4 (XINHUA)—China's largest industrial gases company, a joint venture between Beijing and U.S. firms, started full operation today.

The Beijing Praxair Inc., a 50-50 percent joint venture between the Beijing Oxygen Plant and the U.S. Praxair, is one of the three largest joint ventures in the capital.

With a 450-ton per day oxygen production air separation plant and a 200-ton per day liquefier, the new firm supplies oxygen, nitrogen and 30 other high quality gaseous and liquid products.

Involving a total investment of 46.5 million U.S. dollars, the plant also has the most advanced air separation unit, the largest cryogenic liquefier, the longest pipeline network of 70 kilometers and the first helium transfill station in China.

The Praxair is the largest industrial gases company in North and South America and one of the three largest industrial gases producers in the world.

Dupont China To Increase Number of Firms, Joint Ventures

OW0305120595 Beijing XINHUA in English 0729
GMT 3 May 95

[FBIS Transcribed Text] Beijing, May 3 (XINHUA)—Dupont China has expressed its wish today to double the number of its firms or joint ventures in China by the end of this year while building world-class manufacturing facilities in the country for all its major business entities.

Alex Campbell, Chairman of the Dupont China Holding Company Ltd, told a press conference that Dupont China's recent additional investment of 10 million U.S.

dollars for two plants in Shenzhen was only the first of a series of investments it intends to make in various provinces this year.

New facilities will be installed in joint ventures producing chemicals, fibers, polymers and electronics in north, central and south China, Campbell said.

"As a reflection of our confidence in doing business in China, Dupont's combined investment in 1995 will be greater than that of any previous year, and we will more than double the number of our plants," Dupont's new Chairman said.

To date, Dupont has one wholly owned and three joint ventures in China. Its wholly owned corporate site in Shenzhen produces TYVEK spunbonded olefin and RISTON photopolymer film. The joint ventures include a Dongguan facility producing electronic thick film compositions, a photomasks manufacturing facility in Shanghai, and an agricultural chemical plant, also in Shanghai, that produces LONDAX, a rice herbicide.

Dupont is one of the largest and most diversified industrial enterprises in the world.

Chinese Firm, Motorola To Cooperate in Pager Production

*OW0305133295 Beijing XINHUA in English 1301
GMT 3 May 95*

[FBIS Transcribed Text] Beijing, May 3 (XINHUA)—A global telecommunications leader based in the United States and a Chinese firm signed in Beijing last week a contract on cooperation in producing and selling beeper pagers.

According to the contract, the Panda Electronics Group based in east China's Nanjing City will sell in the Chinese market this year 500,000 pagers designed and manufactured by Motorola (China).

An official with Chinese company group said that about 20,000 of the digital pagers have been put on sale in the Chinese market so far. The products should meet the top international standard of "Six Sigma," which means at least 99.9997 per cent of the products are qualified.

The official further disclosed that the two companies are possible to reach another agreement on the establishment of a large joint venture specializing in pager making, in case the sales of the pagers is proved lucrative.

So far, Motorola has a solely-funded pager factory and mobile telephone workshop in north China's Tianjin city, which is scheduled to absorb more than 300 million U.S. dollars by the end of the century.

The number of pager users has hit 13 million in China by the end of 1994, and the annual sales of pagers are expected to reach 1.5 million to two million by the year 2000, said experts here.

Moreover, the discussion of a cooperation project on family-used multi-media computer between the two companies now are well under way, according to informed sources.

U.S. Company Helps Train Insurance Personnel

*OW0305154795 Beijing XINHUA in English 1528
GMT 3 May 95*

[FBIS Transcribed Text] Beijing, May 3 (XINHUA)—China is carrying out a five-year program with a U.S. company to train personnel in the insurance field.

Manulife Financial, one of the large 15 insurance firms in North America, has held special courses in Hong Kong and Toronto, in Canada, for employees from the People's Insurance Company of China and the People's Bank of China, in accordance with the provisions of a five-year agreement.

It has contacted China's ministries of labor and civil affairs on pension and social insurance training programs for senior officials from the two ministries, according to Victor Apps, general manager of Manulife.

In co-operation with the two ministries, Manulife ran two seminars concerning pension and social insurance in the latter half of 1994 and last February, respectively, in China.

The second-largest international life insurance firm in the Asia-Pacific region, Manulife has opened five representative offices in Beijing, Shanghai, Shenzhen, Chengdu and Guangzhou.

Wuhan Speeds Up Construction Using Foreign Loans

*OW0405023895 Beijing XINHUA in English 0153
GMT 4 May 95*

[FBIS Transcribed Text] Wuhan, May 4 (XINHUA)—The capital city of central China's Hubei Province has successfully utilized a total of 1.9 billion US dollars in foreign loans over a period of several years to speed up urban construction and modernize local enterprises.

City government sources said that the loans have been provided by 14 countries and international organizations, and have been used to finance 46 projects in the city, including Tianhe Airport, which was funded by Japanese Government loans, and a highway across the Chang Jiang river and two water plants, which were bankrolled by the Canadian and Finnish governments.

The foreign loans have also helped raise the city's number of program-controlled telephone lines to over 500,000 from a fraction of that just a few years ago.

Local enterprises, including big ones such as the Wuhan Steel Group and the Hanyang Steel Rolling Mill, have used foreign loans for technical innovation, the government sources said.

They also said that some projects backed by foreign loans are still under construction.

Agriculture

Guangdong Reclaims Unused Farmland

OW0405015695 Beijing XINHUA in English 0130
GMT 4 May 95

[FBIS Transcribed Text] Guangzhou, May 4 (XINHUA)—South China's Guangdong Province has reclaimed most of the farmland left fallow over the past few years.

A total of 33,300 ha of such land has been planted with spring crops over the past month, 90 percent of the total which had been left fallow in the province, according to the provincial land administration bureau.

Over the past few years many rural people in the province have deserted the land to work in township enterprises or in cities. In addition, overheated real estate and economic zone development have left large tracts of farmland unused. Deserted farmland was a common scene in the Pearl River Delta and along main roads until very recently.

To preserve the steadily decreasing farmland, the provincial government started an investigation into unsatisfactory and illicit use of farmland last December, and drew up a deadline for the localities to reclaim their fallow land.

Guangdong has poured more than 200 million yuan into the restoration of waste farmland, and over 30,000 officials at all levels have been organized to oversee the work.

A total of 1.45 million ha of farmland has been arranged for grain crops in the province this year, 40,000 ha more than the 1993 figure.

Inner Mongolia Becoming Key Grain Producer

OW0405094695 Beijing XINHUA in English 0728
GMT 4 May 95

[FBIS Transcribed Text] Hohhot, May 4 (XINHUA)—The Inner Mongolia Autonomous Region has developed into a key grain production base in northern China by building 58 market-oriented grain and sugar production bases.

Its grain output rose at an average annual rate of 9.83 percent starting in 1989, to 10.83 billion kilograms last year, making the region self-sufficient in grain, and even able to sell some to other parts of the country.

Since 1989, the regional government has allocated 3.5 billion yuan to support overall agricultural development, aiding the poor, and establishing grain production bases.

As a result, farmers in the region have transformed 333,000 hectares of lower-yield farmland, added

320,000 hectares of irrigated land. The amount of land planted in trees has expanded by 333,000 hectares a year.

A regional official said that the overall development of agriculture has enabled the region to plant crops according to local natural conditions, and to boost per unit grain output.

Hebei Governor Discusses Agricultural Work

SK0405115995 Shijiazhuang HEBEI RIBAO in Chinese 14 Mar 95 pp 1, 3

[By reporter Guo Zengshun (6753 1073 7311): "Implementing the Central Authorities' Policy Decision on Strengthening Agriculture and Accelerating the Development of Agriculture and the Rural Economy"]

[FBIS Translated Text] The provincial rural work conference opened in Shijiazhuang on 13 March. This conference was an important one devoted to implementing the guidelines of the central rural work conference and to studying and arranging the province's agricultural and rural work. This conference would also earnestly discuss ways to strengthen the province's policies and measures on strengthening agricultural and rural work and, in particular, to further adhere to and perfect the policies on purchase and marketing of grain, cotton, and chemical fertilizer.

Attending the conference were provincial leaders Ye Liansong, Li Bingliang, Chen Liyou, Li Zhanshu, Zhang Zhenhuan, Gu Erxiong, and Wang Manqiu. Also attending were responsible comrades of various province-run agricultural, pastoral, and forestry farms as well as various departments directly under the provincial authorities in various cities, prefectures, and counties as well as responsible comrades of the general departments in charge of rural work directly under the city and prefectural authorities.

At the conference held on 13 March, Li Bingliang, deputy secretary of the provincial party committee, relayed the important speech made by General Secretary Jiang Zemin at the central rural work conference; Vice Governor Gu Erxiong relayed the guidelines of the central rural work conference; and Governor Ye Liansong made a speech.

Ye Liansong stressed four points of view in his speech.

1. Correctly Understand the Province's Agricultural and Rural Work Situation and Further Enhance the Sense of Responsibility and Sense of Urgency in Grasping Agricultural and Rural Work

Under the new situation of developing the socialist market economy, some new contradictions and problems have arisen in agriculture and the rural economy. On the one hand, agriculture is the most essential basic industry of the national economy. The more the economy develops, the greater the total demand on agricultural products, and the higher the degree of

dependence on agriculture. On the other hand, agriculture is a weak industry characterized by a high social benefit but low self-benefit. Affected by the market law, basic means of production have often been forced to flow from agricultural to non-agricultural industries. The more the market economy develops, the higher the degree of industrialization, and the more agriculture needs to be protected and supported. Failing to pay great attention to agriculture and rural work and failing to protect and support agriculture, the gaps between the growth rates of industry and agriculture, between the income of urban and rural residents, and between the economic development of developed and less-developed areas will be widened with each passing day. If we let this phenomenon spread unchecked, it will adversely affect the overall situation of the PRC's China's reform, development, and stability; the progress of the entire modernization drive; and the consolidation of the socialist political power.

Strengthening agriculture and rural work is not only the essential demand for attaining the general task on the work of the entire party and entire country, but is also needed for the province's reform, development, and stability. First, it is needed to resolve food problems and to improve the standard of living for people throughout the province. Second, it is needed to curb inflation; control the increase margin of commodity prices; and ensure the sustained, rapid, and sound development of the provincial economy. Third, it is needed to build an economically strong province. Fourth, it is needed to attain the objective of making the people become relatively well-off. Hence, proceeding from the overall situation of the country and from the situation of Hebei Province, we must now value agricultural and rural work even more greatly than any other period.

Since the introduction of reform and opening up, through the concerted efforts of the entire province, the province's rural economy has developed fairly rapidly, and tremendous changes have taken place in the outlook of agriculture. However, if viewed from the current situation, some problems crying for solution remain to agriculture in the process of development. First, agriculture's position in economic work has not been put in place ideologically. Second, agriculture's infrastructure remains weak, its capability of resisting natural calamities poor, and its comprehensive production ability not high. Third, agricultural development has lagged behind the development of the secondary and tertiary industries. Fourth, agricultural science and technology has been popularized in a sluggish manner and has not been fully opened to society, resulting in a low rate of contribution. Fifth, some agricultural policies have been implemented in a poor manner, peasants income is not high, and the task of supporting poverty-stricken areas remains arduous.

Judging from the long-term perspective, the agricultural situation of the entire province will be very grim, facing not only pressure from a population increase as well as

the demand of improving the people's living and accelerating the progress of industrialization, but also facing serious restrictions caused by the decline in cultivated lands, serious shortages in water resources, and weak agricultural infrastructure facilities. However, the agricultural sector will also run into a hard-won development opportunity and will have great potential and vast prospects for development. Therefore, leading comrades of party committees and governments at all levels and all departments should comprehensively and correctly recognize our province's current agricultural and rural situation and further enhance the sense of responsibility and urgency of successfully grasping agriculture and rural work. We should solidly grasp the implementation of the major policy decision of the central authorities on strengthening agriculture and all policy measures of the provincial party committee and government with great determination, boldness of vision, and energy; we should strive to make our province's agriculture and rural economy enter a new stage through several years of arduous efforts.

2. We Should Strive To Realize the Two Major Strategic Objectives of Rural Economic Development and Lay a Solid Foundation for Building an Economically Strong Province

The two major strategic tasks of rural economic development at present and for some time to come are: On the one hand, we should guarantee that basic agricultural products will be steadily increased; on the other hand, we should guarantee a stable increase in the income of peasants. This is the fundamental guarantee for building an economically strong province. The provincial party committee and government have studied and decided that if the grain output of the entire country increased by 100 billion jin, Hebei should assume the task of increasing its grain output by 10 billion jin. This implies that during the coming six years to the end of this century, we should make the grain output of the entire province enter another new height and reach 60 billion jin on the basis of making the grain output exceed 50 billion jin in 1994. It is not only necessary to achieve this objective, it is possible to do so. Since the founding of the country more than 40 years ago, our province has achieved great development in grain production; the per-unit area yield of grain has also jumped from a low yield to a medium yield. Thus, the potential for increasing grain production is still very great. First, our province has large areas of cultivated land suitable for farming; second, the mechanized farming level is fairly high; third, our province has a large area of medium and low yield fields, and may raise the grain output by a large margin through development, with some of the barren hills and wasteland resources are ready for development; fifth, areas with high yields may further enhance their per-unit area yield of grain by giving further impetus to developing and popularizing science and technologies. The entire province's grain production will surely be able to enter a new stage as long as we firmly grasp the work of making high-yield areas achieve breakthroughs in

per-unit area yield; transform medium and low-yield fields; successfully reclaim wastelands suitable for farming; rely on science, technology, and input; and strive to raise the overall level of the per-unit area yield of grain.

Meanwhile, we should realistically grasp cotton production; make a rational layout, overall planning, and arrangements; and realize four shiftings in cotton production: namely, shifting from decentralized cultivation to associated and large cultivation; from dry and unferile lands to fertile lands; from planting cotton on uncovered lands to lands under plastic sheeting coverings; and from one-crop farming to interplanting and rotational planting.

While successfully grasping the production of grains and cotton, we should also realistically grasp the production of farm and sideline products—including oil-bearing seeds, meat, eggs, vegetables, aquatic products, and fruit. By the end of this century, the output of these products should show a relative increase so that we can ensure the province's economic development to be suitable to the improvement of the people's living standard.

We should make all-out efforts to increase the income of peasants. While accelerating the economic development in localities that have achieved development in the economy, we should also accelerate the pace in developing the economy in poor areas by enforcing the helping-the-poor plan with the emphasis of overcoming key difficulties and should stably deal with the problems encountered by 5.56 million poor people with regard to casting off poverty and becoming wealthy as well as dressing warmly and eating their fill. In the coming six years, we should realize the following two targets in the per capita net income of peasants across the province: In 1997 the income should reach the average level of the country as a whole. In 2000 it should be near to the average level scored by coastal provinces. We should realize on schedule the target set in the plan for becoming better-off. Localities whose conditions are meet should reach a higher standard.

3. Seize the Crucial Problems, Make Painstaking Efforts, Exert Practical Strength, Create a New Situation in the Rural Work

There are lots of things to be done in realizing the targets of economic and social development in the province at present or in a certain coming period. Therefore, we must seize the problems of focal and difficult points that have a bearing on the whole situation in agriculture and in the rural work. We should concentrate our efforts on making a breakthrough among these problems and firmly seize the following 10 tasks by truly showing concern for the problems, by doing practical deeds related to the problems, and by realistically scoring results from the handling of these problems:

A. We should straighten out the position of agriculture in the fields of guiding ideology and work arrangements

and truly put agriculture in the first position of economic work. We should acknowledge that most leading personnel in units at all levels and in various departments across the province have attached great importance on agriculture and correctly straightened out the position of agriculture. However, some leading comrades have not truly dealt with the problem of how to straighten out the position of agriculture. Major manifestations in this regard are as follows: Some leaders stress the importance of agriculture in words, but actually go their own way in doing the rural work. Some only pay attention to immediate interests and no attention to long-term interests. They contend industrial projects exert rapid effects and that agricultural development needs great efforts and it is difficult for them to score effects in it. Their thinking of taking agriculture and grain production lightly is serious. All of these represent the manifestations of being eager for quick success and instant benefits and of lacking a sense of the whole situation. The existence of these problems has seriously affected the development of agriculture and the rural economy. Therefore, to successfully grasp agriculture and the rural work, first, we should deal with the problem of the understanding of agriculture. It is imperative to truly put agriculture in the first position of economic work ideologically and practically.

B. We should earnestly implement the responsibility system related to the "rice bag" and the "vegetable basket." An important guideline adopted at the central rural work conference is to enforce the "rice bag" responsibility system among party secretaries and governors at the provincial level and the "vegetable basket" responsibility system among party secretaries and mayors at the city level. Being responsible for the "rice bag" means to be responsible for local grain supply. This requires the party secretary and governor to ensure the acreage of farmland sowed with grain crops, to upgrade the per unit yield, to accomplish grain purchase, to adjust supply and demand, to establish local grain reserve system and risk funds, and to stabilize market prices. Being responsible for "vegetable basket" means to stabilize the acreage of vegetable farmland in urban suburbs; to establish the stable production bases of meat, poultry, eggs, and milk among large and medium-sized cities; and to actively develop the standardized raising of hogs and poultry and the standardized raising of cattle, sheep, and rabbits so as to improve the people's food structure, to ensure effective market supply, to safeguard the normal market order, and to maintain price stability.

Its core is to demand local party committees and governments at all levels to assume responsibility for the balance between local grain and cotton supply and for the market supply of agricultural and sideline products. This is not only a major reform of the system on grain and cotton purchasing and marketing, but also a major policy decision of the central authorities to strengthen agriculture and rural work. In line with this demand, on the issue of grain and cotton, the province cannot eat from the "common big pot" of the central authorities.

and various cities and prefectures cannot eat from the "common big pot" of the province. After the implementation of the responsibility system, the province also faces the issue on the balance between total supply and total demand. Major grain and cotton production areas must first fulfill their quotas on grain delivery to the state, and then strive for balance between supply and demand and resolve problems with their own efforts, without the dependent mentality. The areas where grain and cotton is transferred in, should make great efforts to enhance the level of self-sufficiency. Introducing the responsibility system for the "rice bag" and "vegetable basket" projects is not only the major affairs of the government, but also the major affairs of party committees. All levels of party committees and governments and all departments must commonly attend to this work in coordination and unity.

C. We should increase grain and cotton growing acreage to ensure the stable increase in output of such basic agricultural products as grain, cotton, and edible oil. To attaining the goal of increasing grain and cotton output, the key lies in stabilizing and increasing, as far as possible, grain and cotton acreage. In stabilizing grain and cotton acreage, cotton acreage in particular, we should establish a strict responsibility system, making each level assume responsibility for and ensure the work of the next lower level down to every field or plot. The foundation for stabilizing grain and cotton acreage is to actually protect capital fields.

D. We should exert great efforts to grasp the implementation of various policies and measures. Since the introduction of reform and opening up, the CPC Central Committee, the State Council, the provincial party committee, and the provincial government have formulated a series of policies and measures for supporting, strengthening, and benefiting agriculture. Most of these policies and measures have been implemented in a relatively good manner, while some others have not been implemented at all, thus making them come to nothing without bringing about any benefit. Successfully grasping the implementation of policies not only bears on the development of agriculture and rural economy, but also on the prestige of the party and the government among the masses. Hence, party committees and governments at all levels must pay high attention to it. The credit funds granted by the state to support major grain and cotton counties this year must be obtained by various financial institutions and pertinent departments and must be actually put in place. The systems on purchase and marketing of means of agricultural production, the price control measures, and the policies and measures for supporting the poverty-stricken areas should all be implemented and honored by pertinent departments. The implementation of policies should be regarded as an essential criterion for checking and evaluating the sense on party spirit of a leading body and a leading cadre and as a major content to improve the style of work and assess the political achievement of a leading body or a leading cadre. This year, in line with the

demands of the central rural work conference, party committees and governments at all levels and all departments in the province should organize special forces, with top party and government leaders assuming the responsibility, to examine the implementation of the policies and measures on protecting and supporting agriculture defined by the CPC Central Committee, the State Council, the provincial party committee, and the provincial government, level by level, department by department, and item by item, with each level examining the implementation of the next lower level. For the policies and measures that have not been implemented or have been implemented in a poor manner, their reasons should be found out and clarified, and a deadline should be set for implementation.

E. We should unceasingly increase agricultural input and raise the efficiency of using funds. Increasing agricultural input and raising the proportion of agricultural investment in the total investment is one of the important symbols for judging whether a locality has realistically placed agriculture in the lead of economic work or not. The party Central Committee and the State Council have made great determinations to increase agricultural input and explicitly proposed efforts be made to arrange for the development scale and rate of the whole national economy and the proportion of the input of funds in the two major sectors of industry and agriculture under the premise of guaranteeing a sustained and stable agricultural development. Comrade Jiang Zemin stressed repeatedly that we should guarantee the urgent needs of agriculture at the expense of starting fewer industrial projects for the time being. All cities, prefectures, and all departments must implement this important guideline of the central authorities to the letter. In line with the demands of the "agricultural law of the PRC," and the "Hebei Provincial regulations on agricultural investment," financial departments at all levels should make the increase in agricultural input higher than the increase in the regular financial income. All cities and prefectures must increase the agricultural input in their financial budget arrangements according to regulations, and affix the responsibility of the leaders of cities and prefectures if these demands cannot be met. Banking departments at all levels should vigorously support agricultural development, guarantee that all special funds will be put in place in a timely manner, and strive to increase the input of agricultural credit funds. It is necessary to give necessary policy support to key enterprises producing chemical fertilizers, agricultural chemicals, and farm machinery. We should actively and effectively use foreign capital to carry out agricultural development, continue to encourage and induce collective economic organizations and peasants to increase the input of funds and labor accumulation. The policy of using 5 to 10 percent of the after-tax profits of township enterprises for rural investment should be implemented conscientiously. Here, I want to stress two points: First, we should strengthen the management of agriculture-oriented funds, guarantee that all funds will be realistically used for agricultural

purposes, and allow no retention or misappropriation of such funds to happen. This must be regarded as one of the financial and economic disciplines and be enforced strictly. If violated, the persons involved must be called to account and be strictly dealt with. Second, we should raise the efficiency of using funds and make the limited amount of funds give greater efficiency. We must change the method of decentralizing the use of funds in some localities and concentrate efforts on guaranteeing the priorities.

F. We should further stabilize and strengthen the contingents of science and technical workers in the agricultural sector, unswervingly follow the path of invigorating agriculture with science and technology, and raise the technological content of the rural economy. To guarantee the realization of the objective of steadily increasing the production of grain, cotton, and other basic agricultural products and making the total grain output reach 60 billion jin by 2000, we must unswervingly follow the path of invigorating agriculture through science and technology under the premise of protecting the cultivated lands, rely on science and technology to raise the per-unit area yield, and increase the total output. At present, on the one hand, we should give impetus to agricultural scientific research work, increase the number of scientific research findings, and raise the level of scientific research findings; and on the other hand, we should accelerate the popularization and application of some advanced and practical scientific and technological findings such as the technologies for improving the crop strains, applying fertilizers in line with a prescription, preventing plant disease and insect pests, and carrying out water-saving irrigation, and raise the proportion of agricultural science and technology in agricultural growth. To strengthen the degree of invigorating agriculture with science and technology, we must realistically build the contingents of agricultural science and technical workers.

G. We should stabilize and improve the rural basic management system and further deepen rural reform. It is necessary to stabilize the rural basic management system and gradually improve the mechanism of transferring the land contract management rights. Under the premise of persisting in making the family-based output-related contract responsibility system play a main role and upholding the dual management system of combining centralized and decentralized management, localities where the secondary and tertiary industries are fairly developed should lose no time to promote optimum scale land management in line with the desire of peasants. We should actively support and correctly guide the people to comprehensively develop and use the resources of the "four kinds of wastelands" through the form of auctioning the land-use rights. It is necessary to deepen reform of the township collective enterprise property right system, conscientiously sum up the experiences in implementing the shareholding system, the shareholding cooperative system, the contract system,

and the system of leasing or auctioning the small, low-profit, and deficit-incurring enterprises, guide them, and set norms for them in good time. In order to promote the progress of agricultural industrialization and to rapidly link agriculture with the market economy, we must accelerate the pace of building the rural socialized service system. We should actively cultivate leading enterprises dealing with both the processing and marketing of agricultural products and the development of science and technology, form a development pattern of making the markets bring along the leading enterprises, leading enterprises bring along the bases, and the bases establish ties with peasant households, gradually form a number of integrated management organizations with diversified forms such as the planting-breeding-processing, production-supply-marketing, and the foreign trade-industry-agriculture integrated organizations, and promote the formation and development of an agricultural industrialization system with a regional layout, specialized production, integrated management, enterprise-like management, and socialized service. We should support the development of peasant purchasing and marketing organizations, producers' cooperatives, and all kinds of specialized associations. It is necessary to expand efforts in reforming the rural supply and marketing cooperatives and enable them to realistically become the cooperative economic organizations of the masses of peasants and to better serve agriculture, the rural areas, and peasants. We should accelerate reform of the rural credit cooperatives and make good preparations for establishing the rural cooperative banks.

H. We should strive to broaden the employment avenues, accelerate the transfer of surplus rural labor forces, and promote a fairly rapid increase in the income of peasants. To make the income of peasants rapidly increase within the next six years, we must accelerate the development of the secondary and tertiary industries and enable the rural surplus labor forces to gradually shift to the fields of forestry, animal husbandry, sideline occupation, fishery, industry, commerce, construction, transportation, and service.

I. We should attach simultaneous importance to development and enhancement and speed up the development of township enterprises. Areas where economic development is backward should place its work priorities in development. Areas with a certain foundation for the development of township enterprises should attain a higher level and scale, create special and brand-name products with characteristics, unceasingly develop new spheres, develop new products, and build new projects. In developing township enterprises, we must have a rational layout, avoid blindness in action, do a good job in building small industrial areas and small cities and towns, and make township enterprises develop into "high and new-tech, large, and export-oriented" enterprises. J. We should persist in taking a two-handed approach in work and be tough with both, and strive to promote a comprehensive social progress in the rural areas. While building the rural economy, we must attend

to building the socialist spiritual civilization, democracy, and the legal system in the rural areas. We should exert efforts to solve the prominent problems in rural work and the hot issues in which the masses are interested, strengthen the comprehensive management of public security, and extensively conduct activities on changing the prevailing habits and customs. We should purposefully conduct ideological education on patriotism, collectivism, and socialism and guide peasants to firmly foster the concept of becoming prosperous through hard work and patriotism.

4. Strive for a Bumper Agricultural Harvest and All-Around Development of Rural Economy This Year by Every Possible Means

This year's guiding ideology, objectives, tasks, policies, and measures on the development of agriculture and rural economy have already been defined. Major objectives are: Total grain output should be stabilized at 50 billion jin or more, total cotton output should reach 800 million jin, grain output of oil-bearing crops should reach 2 billion jin, output of meat, eggs, vegetable, aquatic products, and fruit should increase by a comparatively wide margin, and the per capita net income of peasants should show an increase of 19 percent.

We should fully understand the arduousness in reaping a bumper agricultural harvest this year. Affected by the El Nino phenomenon, catastrophic natural calamities will probably happen this year, according to the forecast by specialists. No matter whether this forecast is accurate or not, it is usual that local calamities will happen in any place of the province. Hence, this year will pose a test to the province's grain production capacity as well as a rigorous trial to the abilities of party and government leaders at all levels in grasping agriculture. Based on combating natural calamities to reap a bumper harvest, we must ensure that a bumper harvest will be reaped in a normal harvest year, and even if there are catastrophic natural calamities, we should also minimize the losses and strive for a good harvest throughout the province.

To reap a bumper agricultural harvest this year, we should not only catch sight of existing difficulties and problems but also catch sight of favorable conditions and foster and fortify our confidence of reaping a bumper harvest by conquering difficulties. This year, the state will continue to deepen the reform of grain and cotton purchasing and marketing systems, and the province will conscientiously implement the various specific policies and measures adopted by the central authorities. The

province's grain tasks will remain unchanged this year, and all cities and prefectures must fulfill them. In terms of grain, the price of the portion purchased on a contract basis should be fixed according to the pertinent regulations of the province, and the portion not covered by the contract should be sold on markets at floating prices. In terms of cotton, the central authorities have already decided to raise by a relatively wide margin the price of the cotton purchased on a contract basis when the marketing of new cotton begins. The province should conscientiously implement the central authorities' policies to further mobilize the initiative of peasants in growing cotton. What should be stressed here is that this year we must ensure the fulfillment of the quotas on cotton production, purchases, and allocation in strict accordance with the tasks assigned by the province.

At present, the most urgent tasks on agriculture and rural work are: First, we should strengthen management of wheat fields and ensure a bumper wheat harvest. Second, we should combat droughts to grow cotton, ensure the cotton growing acreage, grow cotton on a large scale, and concentrate on increasing per-unit yield and total output in an effort to ensure the fulfillment of cotton production and transfer tasks. Third, in the course of ensuring the increase in grain and cotton output, we should successfully grasp the "vegetable basket" project, vigorously develop diversified management, energetically develop township and town enterprises, and make great efforts to increase peasants' income.

***Jiangsu Province Increases Rice Seed Area**

95CE0357U Nanjing *XINHUA RIBAO* in Chinese 8 Apr 95 p 1

[FBIS Summary] In 1995 the planned rice seed area in Jiangsu Province is 33,636,000 mu, an increase of 1,111,000 mu over 1994.

***Guizhou Province Exceeds Plan for Grain Area**

95CE0357V Chongqing *XINAN JINGJI RIBAO* in Chinese 23 Apr 95 p 2

[FBIS Summary] As of 8 April, the grain area in Guizhou Province totaled 40,810,000 mu, exceeding the guidance plan by 310,000 mu. The planned hybrid rice area is 8 million mu. The planned hybrid corn area is 6 million mu, but there is a shortage of 2 million kg of seed. Guizhou uses 1,750,000 tons of fertilizer a year, fertilizer stocks have declined 41.9 percent from last year, and there will be a shortage of about 700,000 tons of fertilizer.

East Region

Anhui Vice Governor Addresses Energy Meeting

OW0405051995 Hefei ANHUI RIBAO in Chinese 21 Apr 95 p 4

[Article: "Develop Rural Energy Source, Promote Two Civilizations"]

[FBIS Translated Text] On 13 April, the provincial rural energy work meeting closed. Wang Zhaoyao, provincial CPC standing committee member, Anhui Province vice governor, and head of the provincial leading group for energy work, pointed out in his speech at the meeting: While paying more attention to agriculture and rural work, the governments at all levels should attach importance to rural energy work, and regard it as an important step to achieve a relatively comfortable standard of living and promote the building of both material and spiritual civilizations in rural areas.

Wang Zhaoyao said: Developing rural energy resources is important economic work, as well as a public welfare of profound and lasting significance. While the development of rural energy resources can solve the energy shortage problem in rural areas, it is also an important step in building the two civilizations and achieving a relatively comfortable standard of living sooner in rural areas. We should try, in every possible way, to push Anhui's development of energy resources to a new stage. First, we should step up publicity and make the entire society participate in and support the work. We should publicize to the public our good work results, good examples, new products, new technologies, and new achievements. We should brief the leaders at various levels more on the energy work, call it to their attention, and win their support. Second, we should continue to seriously implement the rural energy work principles, do a good job in comprehensive development, use energy rationally, and achieve comprehensive benefits. Third, we should accomplish the tasks of the Eighth Five-Year Plan in an all-around way, seriously formulate the Ninth Five-Year Plan well, adopt a clear and correct work concept, and set clear and correct objectives. Fourth, we should attach importance to scientific and technological work and constantly raise the scientific and technological level of rural energy work. Fifth, we should earnestly strengthen leadership and provide even better services. The development of rural energy resources is part of large-scale agriculture. While promoting agriculture and rural work, all localities should attach importance to rural energy work and stabilize and strengthen the rural energy departments and work force. Governments at all levels and relevant departments raise funds through various channels, make more investment in rural energy undertakings, and support the development of rural energy resources. It is necessary to build step by step and keep improving a rural energy service system in light of the local reality, and make great efforts to develop and use rural energy products, develop rural energy industry,

and enhance the ability of rural areas to develop themselves. Rural energy departments at various levels and scientists and technicians should renew their concept, promote cooperation, improve their work style, establish the notion of serving grass-roots units and energy users wholeheartedly, enhance their ability to serve, improve their work efficiency, create a new situation, and make new contributions to accelerating Anhui's development of rural energy resources.

'Excerpts' of Anhui Higher Court Work Report

OW2304072295 Hefei ANHUI RIBAO in Chinese 2 Mar 95 p 3

[("Excerpts" of the Anhui Provincial Higher People's Court Work Report delivered by Han Yunping, president of the Anhui Provincial Higher People's Court, at the Third Session of the Eighth Anhui Provincial People's Congress on 23 February 1995]

[FBIS Translated Text] In 1994, people's courts at various levels in Anhui proceeded with judicial work in an all-round way and made remarkable achievements by closely centering on the overall situation of "reform, development, and stability." They heard first and second trials and retrials of 188,316 criminal, economic, civil, and administrative cases; concluded 177,475 trials; handled 54,618 letters from the people; and received 88,607 visits throughout the year. The provincial higher people's court heard 1,867 cases, including their first and second trials, retrials, and reexamination of death sentences; concluded 1,814 trials; handled 11,193 letters from the people; and received 2,560 visits. The courts played a positive role in guaranteeing social stability and in promoting reform, opening up, and the development of a socialist market economy through various kinds of judicial work.

I. Sternly Crack Down on Serious Criminal Activities and Spare No Effort To Safeguard National and Social Stability

In 1994 courts at various levels in Anhui continued to adhere to the principle of effectively promoting both material civilization and socialist ethics at the same time, further enhanced the people's courts' functions of the dictatorship, and sternly cracked down on serious criminal activities. Last year, they heard first trials of 15,772 various kinds of criminal cases, concluded 15,077 ones, and handed down legally effective verdicts to 16,206 offenders. They also reexamined and heard second trials of 2,605 criminal cases and concluded 2,411 ones.

(1) They continued to adhere to the principle of severely and quickly handling criminal cases according to laws, and sternly cracked down on criminal activities that seriously jeopardized public order. Serious criminal offenders who should receive accumulative penalties according to law were firmly punished accordingly and those who should receive death sentences were also given

death sentences without leniency. Throughout the year a total of 6,874 criminal cases that seriously jeopardized public order were concluded and legally effective verdicts were handed down to 9,183 offenders, accounting for 45.6 percent of total criminal cases and 57 percent of total offenders, respectively. These included 727 offenders receiving life sentences and death sentences (including death sentences with reprieve), accounting for 7.9 percent of total offenders who had received sentences.

In last year's struggle of "sternly cracking down on crime," courts at various levels took vigorous measures to crack down on the criminal activities of highway and waterway brigands and hooligans according to the provincial party committee's arrangement. This has guaranteed the security and traffic in highway and waterway transportation in Anhui and has created a good social environment for Anhui's opening up and economic development. In light of the decisions and arrangements of the CPC Central Committee and provincial party committee to straighten out public order in rural areas, courts at various levels concentrated their efforts to sternly crack down on the evil forces of all kinds of hooligans in a certain period of time to safeguard social stability and promote economic development in rural areas. They closely coordinated with relevant departments to vigorously launch many special struggles against the "six vices," pornography, and illegal products. Last year, a total of 459 offenders who committed the "six vices" received sentences, including death sentences to 20 criminals on charge of abducting and selling women and children. The courts resolutely cracked down on the criminal activities that hampered drought fighting and relief efforts; they handled 110 criminal cases concerning sabotage of power supply equipment and handed down verdicts to 226 offenders, including seven death sentences.

(2) They sternly cracked down on serious economic crimes, punished corrupt elements, and safeguarded economic order. Last year, the courts heard first trials of 1,325 economic criminal cases and concluded 1,249 ones. These included 932 cases of graft, bribe-taking, embezzlement of public funds, and other crimes committed by staff of leading party and government authorities, judicial departments, administrative law-enforcing departments, and economic management departments; of these cases, 866 were concluded, with 223 offenders being given over five years of fixed term sentences, life sentences, and death sentences (including death sentences with reprieve). The courts heard 203 and concluded 197 cases of financial fraud, profiteering, tax fraud, tax evasion, defrauding the state of export tax refunds, issuing false value-added tax vouchers, manufacturing and marketing fake and shoddy goods, and other crimes that disrupted the economic order.

Major economic crimes generate tremendous harmful effects. In the fight against corruption, economic crimes are the masses' focus of attention and also the priorities

which the people's courts deal with. The 386 felons, including five department-level cadres, sentenced in 1994 for committing economic crimes involving 10,000 yuan or more, accounted for 40.7 percent of the total number of economic felons handled in that year. Serious economic felons were given harsh sentences. In 1994, 54 felons were sentenced to imprisonment for at least 10 years, including nine who were given life imprisonment or death sentences (including death sentence with reprieve).

II. Regulating the Economic Sector and Safeguarding the Development of the Market Economy Through Intensifying Efforts in Adjudicating Economic Cases

Following the establishment and development of the socialist market economic system, the sphere in which people's courts adjudicate economic cases has expanded, the number of cases concerning economic disputes has grown substantially, new cases continue to appear, and adjudication has become increasingly difficult. Last year, of the 57,522 economic cases of first instance which people's courts in Anhui accepted to handle, they completed adjudicating 54,240 of them, which involved 1.54 billion yuan, or 340 million yuan more than that of the preceding year.

- 1) People's courts made active efforts in adjudicating cases which were closely related to the development of the market economy. In 1994 they accepted the handling of 44,596 cases about disputes over purchasing, and marketing contracts, loan contracts, financing and leasing contracts, technical contracts, and infringement of patent rights or trademarks, and completed adjudicating 42,425 of these cases.
- 2) People's courts earnestly adjudicated cases concerning investment disputes. Last year, the provincial court alone accepted the handling of 10 of these cases, which involved 240 million yuan.
- 3) People's courts intensified their efforts in adjudicating cases relevant to the establishment of a modern business system. In 1994 they accepted the handling of 1,467 cases about disputes over businesses' contractual operations, leasing contracts, property rental contracts, and contracts about joint operations, as well as bankruptcy, and completed adjudicating 1,212 of these cases.
- 4) People's courts earnestly adjudicated cases about agricultural and economic development in the rural areas. Last year, people's courts in Anhui accepted the handling of 3,132 cases about disputes over rural contracts. That was six times more than the number of cases handled in 1993. In addition to these disputes, people's courts also adjudicated a large number of cases about cheating farmers with inferior seed strains, chemical fertilizer, agricultural chemicals, and farm machinery.
- 5) People's courts carefully adjudicated cases concerning economic disputes with foreign, Hong Kong, and Macao businessmen. Last year, they completed handling 10 of the 15 cases of this category they accepted.
- 6) People's courts adopted many different ways to broaden their services and publicize the legal system.

III. Earnestly Safeguarding the Legitimate Rights and Interests of Citizens and Legal Persons Through Actively Carrying Out Civil Adjudication

In 1994 people's courts in Anhui protected the legitimate rights and interests of citizens and legal persons and promoted social stability and economic development through mediating civil lawsuits and adjudicating a large number of civil cases. Of the 103,153 civil cases of first instance they accepted, they completed handling 97,691 of them.

1. People's courts intensified their efforts in adjudicating cases closely related to the development of the market economy. Last year, people's courts in Anhui accepted 2,505 cases about disputes over real estate and nongovernmental housing, and completed handling 2,204 of them; accepted the handling of 47,185 cases about disputes over debts, and completed 45,220 of them; accepted the handling of 68 cases about labor disputes, and completed handling 56 of them; accepted the handling of 21 cases concerning disputes over intellectual property rights, and completed handling 17 of them. 2) People's courts did a good job in adjudicating cases concerning marriage and family affairs, reparations, land, wooded mountains, water conservancy, homesteads, and social stability. They accepted the handling of 43,324 cases concerning disputes over marriage and family affairs, and completed 41,271 of them; accepted the handling of 6,642 cases concerning disputes over reparations, and completed handling 5,912 of them; accepted the handling of 875 cases concerning disputes over land, wooded mountains, water conservancy, and homesteads, and completed handling 744 of them. 3) People's courts continued to intensify and reinforce their operations through intensifying on-the-job training and guidance. The vast number of court personnel, by making the rounds from place to place to adjudicate cases, did everything they could in helping the people deal with their problems, thus making outstanding contributions to safeguarding rural areas' stability and promoting economic development.

IV. Actively Conducting Administrative Trials To Safeguard the Lawful Rights and Interests of Citizens and Legal Entities, and To Supervise and Support Administrative Organs To Exercise Administration According to the Law

Last year, courts at all levels in Anhui accepted a total of 702 administrative cases on first trial, of which 647 were concluded. At the request of administrative organs, the courts also enforced decisions on 142 administrative cases. Through conducting administrative trials, the courts corrected specific violations of the law by administrative organs and supported specific actions taken by administrative organs according to the law, thereby forging closer ties between the people's governments and the masses.

1) The courts actively accepted administrative cases. 2) The courts conscientiously tried administrative cases in

conjunction with the transformation of enterprises' operating mechanisms, and corrected administration actions that encroached upon enterprises' managerial autonomy according to the law to facilitate the change of government functions. 3) The courts expedited the trial of cases involving irregularities in collecting fees, pooling funds, and apportionment of expenses from enterprises and peasants; as well as in the administration for industry and commerce, taxation, and prices. In addition, the courts also conscientiously tried cases related to land, forestry, minerals, environmental protection, and other basic national policies. Last year, the courts accepted a total of 248 such cases, of which 234 were concluded, thereby ensuring rational development and utilization of land, mountains and forests, minerals, and other resources; and protecting the lawful rights and interests of the state, collectives, and peasants. 4) The courts stepped up the trial of cases related to public security, detention and investigation, and reform through labor. Throughout the year, the courts accepted 205 cases, of which 179 were concluded. Of these cases, the courts upheld 34.6 percent and revoked 17.9 percent in the ruling of administrative organs, thereby supporting administrative organs in strictly enforcing the law while protecting citizens' personal rights according to the law.

V. Further Strengthening Work Related to Complaints and Petitions To Protect the Procedural Rights of Citizens, Legal Entities, and Other Organizations

Last year, courts at all levels in Anhui accepted the retrial of a total of 2,611 criminal, civil, economic, and administrative cases, of which 1,988 were concluded. Of these, 430 cases, or 21.6 percent of the total, were given revised judgment. The courts processed 54,618 letters and received 88,607 visits from the masses.

To effectively protect the procedural rights of citizens and legal entities, courts at all levels stepped up the efforts to place complaints on file for investigations. Complaints qualifying to be placed on file for investigation were promptly handled according to the law, thereby easing the masses' plight in filing complaints to the courts. The courts, proceeding from the overall interests of maintaining social stability, paid close attention to handling longstanding petitions to solve problems at the grass roots and to guard against escalation of contradictions.

VI. Further Strengthening Enforcement Work To Uphold the Inviolability of Law

Enforcement is an important aspect of the judicial work of people's courts. Last year, courts at all levels in Anhui continued to strengthen enforcement work and enforced 33,101 cases involving a total of 330 million yuan, thereby further improving the passive situation in enforcing court decisions. A large number of long-standing court decisions were enforced through the following measures: 1) The courts further established and improved enforcement agencies and replenished

enforcement personnel. Last year, the courts set up 117 enforcement courts and appointed 675 enforcement personnel to provide the organizational guarantee for enforcement work. 2) The courts paid keen attention to enforcing the law with civility and strengthened enforcement measures. 3) The courts earnestly handled commission and assistant enforcements, and handled 210 cases of commission and assistant enforcements.

VII. Persisting in Strictly Enforcing the Law and Further Improving the Quality of Law Enforcement

Last year, courts at all levels persisted in strictly enforcing the law and improved the quality of law enforcement, making it an extremely important task.

1) The courts persisted in conducting trials impartially and according to the law. Imbued with a profound sense of responsibility toward the people's interests and toward the state laws, courts at all levels followed the principle of taking facts as the basis and the law as the criterion to ensure the quality of trials. The courts made even more meticulous and painstaking efforts to mete out death sentences to ensure no chance of an error. In carrying out judicial work, the courts enforced substantive laws as well as procedural laws strictly, persisting in holding trials publicly to place the entire judicial activity under the supervision of the masses. 2) The courts went all out to intensify the supervision over judicial work. Going all out to intensify the supervision over judicial work, courts at all levels actively corrected mistakes in line with the principle of seeking truth from facts and correcting mistakes whenever they were discovered from verdicts and rulings already going into effect. Reinforcing the mechanisms of internal supervision and restraint, quite a few courts trial-implemented a responsibility system for mistrials. The courts earnestly accepted the external supervision, and especially took the initiative to accept the supervision by the people's congresses and their standing committees at all levels. Earnestly handling cases and motions forwarded by the provincial people's congress in a timely manner, the courts processed 17 cases forwarded by the provincial people's congress, three motions from deputies, and six motions from members of the Chinese People's Political Consultative Conference provincial committee. 3) The courts conscientiously conducted a general inspection of law and discipline enforcement. 4) The courts stepped up investigation and study.

VIII. Persisting in Conducting Trials on One Hand and Promoting the Construction of Personnel on the Other, and Striving To Improve the Quality of the Contingent of Court Personnel

Last year, courts at all levels in Anhui made relentless efforts to improve the quality of the contingent of court personnel, thereby bringing about a marked enhancement in the political quality and professional competence of cadres and policemen, and effectively guaranteeing and facilitating the conducting of trials.

1) The courts vigorously strengthened ideological and political work. Courts throughout Anhui carried out a provincial education campaign of "promoting diligent and honest courts and respecting and innovating judicial work," focused on ideals and the future, hard work and plain living, and selfless devotion. 2) The courts paid close attention to promoting a clean court. In line with the Central Discipline Inspection Commission's two five-point requirements, courts at all levels consistently focused the endeavor to promote a clean court on leading cadres' honesty and self-discipline, and demanded leading cadres to earnestly conduct self-examination and self-correction. The courts further established and perfected rules and regulations for promoting a clean court, and appointed personalities from various circles of society as law enforcement inspectors. The courts also built up discipline inspection and supervision organizations, replenished their personnel, and stepped up the effort to investigate and handle violations of law and discipline. Currently the mainstream of Anhui's court personnel is good. Last year, courts throughout the province commended 224 advanced collectives and 1,426 individuals; and presented merit citations to 15 collectives and 69 individuals. However, there were a handful of cadres and policemen who could not stand up to all tests, embezzling public funds and accepting bribes, becoming corrupt and degenerate, and some even committing criminal offenses. Courts at all levels sternly dealt with cadres and policemen who broke the law and violated discipline. Last year, the courts investigated and handled 41 cadres and policemen involved in various violations of law and discipline; of these, three were arrested according to the law. 3) The courts stepped up the construction of professional personnel. Courts at all levels in Anhui continued to go all out to enhance the professional competence of cadres by sending them to "professional university" or on-the-job training and encouraging them to take examinations through self-study.

Last year, courts in Anhui scored some achievements in the work of various fields; however, we also experienced problems and difficulties. We hope that the people's congresses and governments at all levels will continue to show concern and support for the material construction of courts at all levels so as to improve law enforcement conditions and to promote the construction of the legal system. As for problems existing in the construction of courts, we will adopt effective measures and work hard to solve the problems.

This year is the final year for comprehensively fulfilling the Eighth Five-Year Plan, as well as a crucial year for deepening reform and establishing the socialist market economic system. The people's courts will shoulder still heavier tasks. The main tasks of the work of the courts this year are: Focusing on the overall situation in the work of the whole party and the whole country to comprehensively strengthen judicial work; stepping up the campaign to crack down on crimes; persisting in strictly reinforcing the law on regulating relations

between economic sectors; relentlessly improving the quality of court personnel and striving to raise the level of judicial work; and providing a more powerful judicial guarantee for reform, development, and stability. To this end, we will pay close attention to the work in the following fields:

Continuing to steadfastly crack down severely on criminal offenses that seriously jeopardize public security; continuing to strike relentlessly against embezzlement and bribery; severely punishing criminal offenses of seriously disrupting economic order; earnestly conducting trials of economic, civil, and administrative cases and more effectively using judicial means to readjust relations between various economic sectors to promote social stability; persisting in strictly enforcing the law and safeguarding the authority and uniformity of the state legal system; and improving the quality of court personnel in all fields and vigorously strengthening the construction of the grass roots.

In the coming year, courts at all levels in Anhui are determined, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, to steadfastly implement the guidelines of the 14th CPC National Congress and the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, to implement the guidelines of the Sixth Anhui Provincial CPC Congress and the Third Plenary Session of the Eighth Anhui Provincial People's Congress, to further heighten the spirit, to strive to complete various tasks, to bring the judicial functions into full play, and to make more contributions to ensuring the smooth realization of the Eighth Five-Year Plan, and to reform, open up, economic development, and social stability.

Jiangsu Promotes Spiritual Civilization

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[By reporter Hua Weilie (5478 5898 0441)]

[FBIS Translated Text] Nanjing, 30 Apr (XINHUA)—In recent years, party and government leaders at all levels in Jiangsu, while concentrating on economic construction, have made major, effective, and solid efforts to promote spiritual civilization. As a result, a new pattern has basically been formed in which the government, Army, police, and people participate in a joint drive to promote, in light of the local situation, spiritual civilization in an all-round, multi-layered, systematic, and extensive manner.

In recent years, the Jiangsu Provincial CPC Committee and Government have urged leaders, especially "top ones" of party committees and governments at all levels, to conscientiously persist in giving equal importance to economic development on the one hand and spiritual civilization development on the other. The provincial CPC Committee and government have also established,

in a timely fashion, organs for guiding and carrying out the work of spiritual civilization in various cities. In Zhangjiakang City, joint effort groups have been formed in all townships, villages, and 1,021 other units. Each group is headed by a "top leader." A systematic network has been formed, with each and every person, including the top leader, unit leader, and group members, having his own particular responsibility for carrying out the drive. The city has won more than 10 titles in recent years including "National Public Health City" and "National Overall Urban Development City."

In its drive to promote spiritual civilization, Jiangsu Province has organized extensive activities with mass participation. The province has spared no efforts to improve such activities by making sure that they will become more effective, systematic, and ideologically-oriented. The drive has achieved marked results in the following five aspects: First, instead of focusing on a single-event activity, efforts have been made in launching an overall development campaign. Second, the drive to build civilization units has been switched to a competition campaign aiming at creating a city that has good environment, public order, and services. Third, the joint effort campaign participated by the Army, police, and people to promote spiritual civilization has been switched to the drive to build a "double-support model city." [double-support movement is geared to support the Army and give preferential treatment to their dependents and to support the government and cherish the people] Fourth, efforts to emphasize the importance of observing laws and discipline have been switched to establishing more regulations and systems and to carrying out scientific management. Fifth, instead of carrying out an activity simply for its own sake, efforts have been made to promote spiritual civilization in communities.

Jiangsu Province has also introduced in a timely fashion the successful experiences gained by Zhangjiagang City and Jiangyin City in giving equal importance to economic development on the one hand and spiritual civilization development on the other. In this way, it has created a fine atmosphere for the people in the province to learn from advanced units and to try to surpass them. Suzhou, Yangzhou, Huaiyin, Yancheng, and other cities also have launched a good service campaign in transportation, banking, commercial, public health, public utilities, and other undertakings that have closed relations with the people's production and lives. These cities have effectively enhanced service quality by strengthening the mechanism of social supervision.

*1995 Jiangsu Government Work Report

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[Report by Jiangsu Acting Governor Zheng Silin (6774 2448 2651) at the Third Session of the Eighth Jiangsu People's Congress on 21 February 1995: "Government Work Report"]

[FBIS Translated Text] Fellow delegates:

I am now making this work report to this congress on behalf of the Jiangsu People's Government for your examination and approval, as well as for suggestions by all members of the Jiangsu People's Political Consultative Conference and other nonvoting delegates.

I. A Review of Our Work in 1994

In 1994, all throughout Jiangsu conscientiously implemented the central policy on "seizing opportunities, intensifying reform, opening up further, speeding up development, and preserving stability," correctly dealing with the relations among reform, development, and stability, and striving to do a good job in all areas. Our reform proceeded smoothly, with our opening up further expanded, our national economy growing rapidly and soundly, new advances made in all causes, and stability preserved.

1. We maintained a good momentum in our national economic operations. We adapted to the changed macroeconomic climate, striving to surmount all difficulties and problems on our path forward, with our economy continuing to grow rapidly. Our 1994 GDP reached 405 billion yuan, up 18.5 percent from 1993, with the percentages of primary, secondary, and tertiary industries at 15.3 percent, 54.6 percent, and 30.1 percent respectively.

Our rural economy grew comprehensively. Despite an extraordinarily severe drought, with effort we still reaped quite a good agricultural harvest. Agricultural added value was 61.8 billion yuan, up 7.1 percent. Gross grain output was 31.2405 million tons, down 4.7 percent from 1993, with gross cotton output at 457,100 tons, up 6.6 percent, and gross edible oil output at 1.3359 million tons, up 6.3 percent. We developed the diversified economy in an all-out way, with output up quite sharply in all areas, including livestock and poultry, forestry and fruit, and aquatic products. We intensified establishment of "food basket" project. Township enterprise output value, sales, profits, and taxes were all up, with 322 enterprises joining the ranks of the thousand enterprises throughout China with the best economic efficiency. We raised the ratio of rural secondary- and tertiary-industry output value to gross rural output value to 84.9 percent. We achieved new advances in priority water conservancy construction and multipurpose farm resource development, completing annual plans for the priority projects to control the Huaihe River and Lake Taihu, as well as the link to the Yuhe River and the upgrading of a large pumping station.

We maintained a quite rapid growth of industrial production. Industrial added value reached 201.3 billion yuan, up 26.3 percent, with the output to sales rate reaching 94.6 percent. We continued to increase output of staple manufactured goods such as steel, rolled steel, cement, chemical fibers, color TVs, refrigerators, air conditioners, and cars. We fulfilled or surpassed plans for over 1,800 significant new-product-development projects and

200 priority technological-upgrading projects. We speeded up construction industry growth, achieving an added value of 20 billion yuan, up 9.6 percent.

We made new advances in priority construction. Fixed assets investment was 128.3 billion yuan, up 12.1 percent, with state-unit technological upgrading investment up 17.6 percent, and communications, transportation, posts, and telecommunications investments up 52.6 percent. We completed or exceeded plans on most of the 37 priority construction projects. We accelerated the pace of construction on key transportation projects such as the Shanghai-Nanjing expressway, the Nanjing-Lianyungang and Nanjing-Nantong grade-1 roads, and the southern Jiangsu Grand Canal dredging, with the highway bridge over the Chang Jiang at Jiangyin under construction, and the new Nanjing airport having won advance approval for construction. We put into operation a group of high-parameter and large-capacity generating units, giving us an added installed power capacity of 1.57 million kw, for a gross capacity of 11.61 million kw. We added a new 1.38-million capacity telephone switchboard, giving us a gross capacity of 3.966 million phones, with municipal telephone exchanges throughout Jiangsu being computerized and digitized for long distance transmission and mobile communications network covering all cities and counties.

We continued to develop tertiary industries. We achieved an added value of 121.9 billion yuan, up 13.8 percent. We began to form a multi-channel, multi-level, and multi-form tertiary industry order, with a group of rising industries such as science and technology [S&T], advisory services, information, and intermediary service beginning to take off. **Urban and rural markets were prosperous and brisk.** Gross retail consumer goods sales reached 128.8 billion yuan, up 33.1 percent. **Revenues increased.** Revenues were 29.33 billion yuan, with local revenues of 13.65 billion yuan, up 28.3 percent and 37.5 percent respectively; expenditures were 19.89 billion yuan, up 21.5 percent. **The financial situation was stable.** As to financial institutions, all deposits were up 68.5 billion yuan, with all loans up 39 billion yuan.

2. We made smooth progress with all crucial reforms. Combining uniform state planning with Jiangsu's realities, we actively proceeded with crucial reforms such as tax revenue, banking, foreign trade and foreign exchange, investment, pricing, and circulation systems, as well as pilot programs in the establishment of a modern enterprise system, new tax revenue system operated normally, with a smooth establishment of separate National and local tax bureaus. Financial reform proceeded steadily, with the PBC conscientiously changing its work functions, special banks actively converting their operating forces, nonbank financial institutions experimenting with assets liability ratio management, and money markets making new developments. Foreign trade and foreign exchange reforms proceeded smoothly, with foreign trade enterprises growing more vigorous through reform, and export earnings up sharply. Pricing

reform took quite significant steps, with price reform steps for basic industrial goods such as crude oil, refined oil, coal, and power, higher purchasing prices for staple farm products such as grain, cotton, and edible oil, and corresponding reform of circulation systems for crude oil, refined oil, and agricultural capital goods. We promulgated the "Jiangsu Regulations on Pricing Management and Oversight," which somewhat strengthened legal means of regulating and controlling prices.

We further intensified enterprise reform. Pilot programs in a modern enterprise system established by the provincial government for 127 enterprises are fully underway. Jiangsu has organized 1,583 shareholding enterprises, of which 322 are limited liability companies. We leased, merged, and auctioned off some small, barely profitable, and losing enterprises, allowing some enterprises with more liabilities than assets to experiment with bankruptcy. We conducted diversified property rights reforms for township enterprises. We speeded up the pace of all comprehensive related reforms. We steadily increased the commodity market scale, with new developments in markets such as capital, labor, technology, information, and real estate. We launched better reforms of social security systems in areas such as pensions, unemployment, health care, on-the-job injuries, and childbearing, as well as housing reform. The Zhenjiang pilot program in employee health insurance is in official operation. Based on investigation and study, we actively proceeded with all of the preparatory work for the structural reform of provincial organs.

3. We further opened up to the outside world. We brought advantages into full play, opening up in an all-dimensional way, and getting on-track with the international economy faster. We increased foreign trade rapidly, with gross trade of \$12.91 billion, up 48.4 percent, including exports of \$9.024 billion, up 51.4 percent. We continued to improve the export commodity mix, raising percentage of manufactured goods exports to 90.2 percent. We continued to maintain good momentum in the use of foreign investment, with foreign investment leaping, investor countries (regions) increasing, transnational corporations and large financial consortia growing, and more projects with large investments and advanced technology. Jiangsu approved 5,023 new foreign-invested enterprises [FIEs], for a real foreign investment of \$4.18 billion, up 31.9 percent. We made new progress in the use of Taiwanese investment. We made new developments in forms, fields, and markets of foreign economic and technical cooperation, signing new overseas contract projects and labor cooperation contracts worth \$510 million, for a real business volume of \$370 million, up from 1993 53.5 percent and 43 percent respectively. We accelerated construction of all development zones, which became windows for opening up to the outside world and introducing foreign investment to joint ventures, as well as new economic growth points. The Suzhou Industrial Park District made smooth progress in infrastructure construction, with a good international business recruitment momentum, showing

bright growth prospects. Departments such as foreign affairs, overseas Chinese affairs, Taiwanese affairs, customs, commodity inspection, and overseas publicity all played active roles in the open economy. The tourism industry has gradually become a multipurpose industry of a definite scale, receiving 702,200 overseas tourists in 1994, with foreign exchange earnings up sharply.

4. We made new progress in S&T, education, and all social undertakings. We actively pursued a strategy of "S&T invigoration of Jiangsu," proceeding with a coordinated development of economic and social causes. National-level, high-tech industrial development zones in Nanjing, Suzhou, Wuxi, and Changzhou earned income of 10.3 billion yuan from technician trade, as well as setting up pioneering service centers for the incubation of high-tech achievements. Jiangsu's 285 high-tech enterprises earned sales income of 12 billion yuan, including export earnings of \$300 million. We approved the construction of 20 national and provincial Spark technology-intensive zones and organized 149 Torch Plan projects and 204 Spark Plan projects. We tackled crucial S&T problems and made 75 significant achievements, with 16 counties (cities) being graded as advanced counties (cities) in national S&T work. We added nearly 2,000 new private S&T enterprises, for an industrialization scale of 5 billion yuan. A provincial natural science fund and applied and basic research plans were instituted, making a batch of national top-grade S&T achievements. We intensified the cross-century talent training project and reinforced software science research, S&T publicity, and intellectual property rights protection protection.

We conscientiously implemented the "China Educational Reform and Development Program" and acted in the spirit of the national working conference on education, with education of all types at all levels developing soundly. The nine-year compulsory education coverage rate reached 81 percent, with nonilliteracy [as published] rate among youth and those in the prime of life (ages 30-50) reaching 97.56 percent. We intensified vocational and adult education and on-the-job training. We began projects in educational modernization in southern Jiangsu and education to promote becoming comfortably well off in northern Jiangsu. We steadily intensified educational reform, setting up a group of private technical high schools, secondary and elementary schools, kindergartens, and colleges, and steadily expanding educational forms such as universal college "alliances" and "joint establishments." The project to set up 91 provincial-level priority disciplines in 18 colleges is underway. We also made new advances in all areas such as building up teaching ranks, raising educational quality, and improving educational terms.

We met the needs of economic construction and service to quality of life by setting up 23 new radio, TV, and cable TV stations, with the Nanjing TV tower up and in operation. We further tightened the management of the culture market. We made new progress in the overall

control of the urban environment, with the two cities of Jiangyin and Zhangjiagang being named national healthy cities, and 20 counties (cities) being praised for their rural primary-level health fitness. We further intensified family planning, with a natural population growth rate of 0.692 percent. We successfully held the 13th Jiangsu Games, with the preparatory work for the Third National Urban Games in smooth progress. At the 12th Asian Games, Jiangsu athletes won 14 gold medals, 12 silvers, and 11 bronzes, and at crucial international events, five Jiangsu athletes won seven world championships, with two breaking 12 world records.

5. We intensified the building of spiritual civilization and democratic legal institutions. We organized masses of cadres and the public to study in depth the *Selected Works of Deng Xiaoping* and the "Resolutions" of the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, adhering to the use of Comrade Deng Xiaoping's theory on building socialism with distinct Chinese characteristics to arm theory and guide practice.

We launched a widespread indoctrination campaign in patriotism, collectivism, and socialism, intensifying indoctrination in social morality and professional ethics, in an effort to form good social customs. Headed up by the "five number-ones project," we created a batch of high-quality spiritual products in areas such as literature and art, film, theory, and publishing, with a group of fine works winning national awards. We made good progress in the public campaign to build spiritual civilization in things such as establishing civilized units, villages and towns, households, and two-haves model cities (counties), as well as joint military-civilian construction and support for the army and preferential treatment to families of revolutionary soldiers and martyrs.

Government at all levels voluntarily subjected itself to oversight by people's congresses and their standing committees at the same level, emphasizing and supporting people's political consultative conferences, all democratic parties, and associations of industry and commerce in exercising their political consultation, democratic oversight, and government and political participation functions. We handled 341 suggestions from Jiangsu People's Congress delegates and 390 proposals by people's political consultative conference members. We did a good job of dealing with public letters and visits. We actively supported the work of mass organizations such as labor unions, the Communist Youth League [CYL], and the Women's Federation. We actively supported the People's Liberation Army [PLA] troops stationed in Jiangsu, doing a good job of militia and reserve duty work. We emphasized and intensified work in areas such as nationalities and religion. We developed general legal indoctrination in depth, speeding up the pace of local, particularly economic, legislation, bringing some improvement to enforcement and enforcement-oversight work, and raising somewhat the level of administration in accordance with law by government at all levels.

We conscientiously intensified anticorruption efforts, generally indoctrinating cadres above the county level in honest government and self-discipline. We proceeded actively with the anticorruption struggle, focusing on investigating and prosecuting a number of major cases and punishing a group of corrupt elements, and making a special effort to control unhealthy tendencies of strong public concern. We cracked down severely on all sorts of criminal activity and economic crime, conducting an active struggle against "pornography" and "evil," rooting out all sorts of repulsive public phenomena, and preserving social stability. We further reinforced the ranks of the people's armed police, public security, state security, and judicial administration.

6. We continued to raise living standards. The urban per capita cost-of-living income was 3,461 yuan, with peasant per capita net income at 1,832 yuan, up from 1993 935 yuan and 565 yuan respectively. Urban and rural individual savings deposits were up sharply, reaching a balance by year's end of 135.3 billion yuan, up 38.6 billion yuan from the end of 1993. Urban and rural completed housing area was 15.5 million square meters [sq m] and 43.65 million sq m respectively. Urban and rural per capita housing space reached 8.46 sq m and 21.64 sq m respectively. We reinforced urban water and gas supplies and concentrated sewage treatment capacity. We achieved new successes in village and town infrastructure construction. We speeded up the pace of greening in the plains area. We improved ecology. We found new jobs for 220,000 urban unemployed. We did a lot of work in the area of showing concern for the living standards of employees of enterprises in difficulties and those with low incomes. We actively helped poverty-stricken areas develop their economies, raising 780,000 people out of poverty in 1994. We intensified work with women, children, the elderly, and the disabled, further improving civil administration welfare facilities.

Jiangsu was able to make these new advances in national economic and social causes in 1994 mainly because we emphasized the following matters:

—**We conscientiously unified thinking in line with the central "20-character" policy.** Government at all levels focused closely on the general work order set forth by the CPC Central Committee, dealing with reform, development, and stability as a whole, on which grounds we united the thinking of the masses of cadres throughout Jiangsu, bringing all to a consensus on and implementing in real work the policy that "reform is the impetus, development is the aim, and stability is the guarantee." Practice has proved that only adhering to the focus on economic construction, intensifying reform steadily, and maintaining quite fast economic growth will give us the qualifications and might to do a down-to-earth job of preserving social stability. Meanwhile, it is only by preserving social stability that will in turn ensure smooth reform progress and rapid economic growth.

—**We organized and implemented meticulously in accordance with the overall features promoted by the reform of macroeconomic management system.** The crucial reform steps taken by the state in 1994 were all unprecedented in breadth, depth, dynamics, and difficulty. To ensure smooth reform progress, all areas and sectors made full preparations, conscientiously organizing and dovetailing all particular tasks. We dealt correctly with the relation between the overall and the partial, voluntarily subordinating local interests to overall ones. We investigated and studied conscientiously, promptly discovered and resolved new conditions and issues that arose in reform, paid attention to using new ideas and methods in line with market economy laws to resolve conflicts produced by reform, and sped up conversion to the new system. Smooth advances in macroeconomic management and other reforms enabled us to take a crucial step in the direction of building a socialist market economy, as well as providing a powerful impetus to the economic and social development throughout Jiangsu.

—**We did solid work focused on the objective of maintaining quite fast economic growth.** As state macroeconomic regulation and control steps gradually took effect in 1994, economic operations generally improved, while problems such as slack markets, fund shortages, and declining efficiency by some enterprises also occurred. Government at all levels took conscientious steps to endeavor to pave the way for the maintenance of rapid economic growth. We guided enterprises in actively developing markets and raising funds through diverse channels, thus promoting normal economic operations. We sharply emphasized the conversion of enterprise operating forces, relying on S&T advances, tightening enterprise management, and raising microeconomic efficiency. Making the development of an economy of scale breakthrough, we accelerated the pace of structural adjustment and grew more competitive overall. We opened up further to the outside world and made full use of the two markets and resources—domestic and foreign—to promote rapid economic growth throughout Jiangsu. We found through practice that as long as we adhere to proceeding from reality while working creatively, we will be able to find opportunities in difficulties and growth through adjustment to always preserve good economic growth momentum.

—**We actively developed and advanced through relying on the pioneering spirit of grass-roots cadres and the public.** To implement the central line, principles, and policies and push all causes steadily forward, we had to stick to the mass line and respect the pioneering spirit of grass-roots cadres and the public. Despite 1994's severe natural disasters, tight macroeconomic climate, and new problems and conflicts encountered in reform and development, government at all levels remained downward-oriented, depending on public wisdom and might to surmount difficulties, develop, and advance. In reform and opening, we allowed the grass roots to

make bold experiments and breakthroughs, endeavored to explore distinctive development routes, and promptly summed up and disseminated the new experiences created by all areas to promote overall work. Practice has proved that the basic guarantee for doing a good job of all work is to always insist on believing and relying on the public and to protect, develop, and guide the initiative of grass-roots cadres and the public.

Fellow delegates, in 1994, we essentially fulfilled all tasks set forth by the Second Session of the Eighth Jiangsu People's Congress. This is the result of the people throughout Jiangsu, under the leadership of the Jiangsu Party Committee, having conscientiously implemented CPC Central Committee and State Council principles, policies, and work plans, and uniting wholeheartedly in struggle. On behalf of the Jiangsu People's Government, I would like to express my heartfelt thanks and highest respect to all Jiangsu workers, peasants, intellectuals, PLA troops stationed in Jiangsu, armed police officers and men, and public security police; to all democratic parties, associations of industry and commerce, and unaffiliated patriots; to mass organizations such as labor unions, the CYL, and the Women's Federation; and to the Taiwanese, Hong Kong, and Macao compatriots and overseas Chinese who enthusiastically support Jiangsu's modernization.

But in looking back at 1994, we also soberly recognize that the road ahead was also strewn with many difficulties and conflicts, with government work also subject to certain flaws and deficiencies. The major problem was overly high price rises. Despite the great job done by all departments in all areas, 1994 price rises still reached 23.6 percent. While this involved matters such as too rapid growth of fixed assets investment and consumption funds, inadequate effective supplies of staple farm products, and a sharp pace of price reform, it also shows that pricing regulation and control was not forceful enough, particularly lack of experience in effectively managing market prices on socialist market economy terms. Our agricultural base is still quite weak, with disaster-resistance capacity inadequate, area sown to grain and cotton declining, and peasant living standards in certain places still quite low. Some state enterprises are suffering from production and operating difficulties, with an overstock of finished goods, glaring problems of mutual loan arrears and severe losses, and the real incomes of employees in inefficient enterprises down somewhat. Public order is still not good enough in some places. The government functional conversion is slow and still does not meet the needs of socialist market economy development. Corruption, formalism, and bureaucracy among a few government workers are affecting the government's image and work efficiency. We will certainly pay great attention to these problems in future work, taking effective steps to solve them conscientiously.

II. Key Tasks for 1995

This year—1995—is the last year of the Eighth Five-Year Plan for national economic and social development, as well as the first year of all-out implementation of all tasks set forth by the Ninth Jiangsu Party Congress. The recently held Ninth Jiangsu Party Congress drew up a grand blueprint for Jiangsu's future reform, opening, and modernization, setting forth the goal of becoming overall comfortably well off by the end of the century, as well as becoming essentially modernized by the year 2010. Focussing on the aims of reform and development, it set the three major strategies of emphasizing well the "invigoration of Jiangsu through S&T," "economic internationalization," and "joint regional development." Doing a good job in 1995 will affect the overall completion of the Eighth Five-Year Plan and lay a solid foundation for the Ninth Five-Year Plan, as well as make a good start on realizing Jiangsu's new strategic goals for reform, opening, and modernization.

We have many favorable terms for doing a good job in 1995. Internationally, the pace of global economic structural adjustment is speeding up; the world's economic growth center is shifting to the Asia Pacific region; and China is achieving a fine external climate through excellent diplomatic work. All of these things provide a rare historic opportunity for us to further intensify reform, open up wider, and grow faster. Domestically, the central "20-character" policy has become deeply rooted in our mindset, with the ideological understanding of masses of cadres and the public growing more united; macroeconomic reforms of systems such as tax revenue, banking, foreign trade and foreign exchange, investment, pricing, and circulation are smoothly underway, with crucial steps having been taken to build a socialist market economy; and the implementation of the strategy to speed up regional economic development along the Chang Jiang headed up by the opening and development of Pudong has created fine terms for a new leap by the Yangtze delta. Driven by reform and opening, Jiangsu is experiencing sustained and rapid economic growth, with stronger overall might and better overall quality, which is laying a better foundation for further economic and social development. But of course, as economic growth is also being limited by diverse factors such as quite great inflationary pressures, fund shortages, and soft market sales, the economic operating climate is certainly not without problems. So we need to proceed from the high plane of the overall situation, correctly understand growth trends, better free up thinking, seize opportunities firmly, make full use of favorable terms, strive to surmount adverse factors, unite in struggle, and develop and advance to do a better job of all our work.

The general government work requirements for 1995 are: *To be guided by Comrade Deng Xiaoping's theory on building socialism with distinctive Chinese characteristics and the party's basic line; to act fully in the spirit of the 14th CPC Congress, the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, and the Ninth*

Jiangsu Party Congress; to continue to grasp the overall work order of "seizing opportunities, intensifying reform, expanding opening, speeding up growth, and preserving stability" by paying attention to raising economic growth quality and efficiency, insisting on curbing inflation, making an effort to reinforce infrastructures and basic industries, and relying on S&T advances to adjust and optimize structure faster; to emphasize a close combination of reform and growth, doing a conscientious job of enterprise restructuring, reorganization, and upgrading, and pushing ahead actively with all related reforms; to emphasize the opening up of new economic growth space and opening up wider in broader fields and at higher levels; and to pay attention to reinforcing spiritual civilization and establishment of a democratic legal system to preserve social stability. Through solid and efficient work, we will fully complete all 1995 national economic and social development tasks.

Jiangsu's major 1995 objectives for national economic and social development are: A GDP of 12 percent, including growth of 3 percent for primary industry, 14 percent for secondary industry, and 16 percent for tertiary industry; local revenue growth of 11 percent; a gross fixed assets investment scale growth of 25 percent; overall foreign trade growth of 15 percent, including export growth of 18 percent; gross retail consumer goods sales growth of 20 percent; an attempt to keep the retail commodity price growth index under 15 percent; urban per capita cost-of-living income growth of 650 yuan, and peasant per capita net income growth of about 300 yuan; a population birth rate under 1.34 percent; and an urban unemployment rate below 2.5 percent;

To achieve these major objectives, we are going to emphasize the following nine areas of work.

1. We will maintain quite rapid economic growth by focusing on higher economic efficiency. Maintaining a certain economic growth rate will be very essential for easing inflationary pressures, promoting normal economic operations, raising living standards, and preserving social stability. With Jiangsu's fine economic base and large growth potential, as long as we work solidly, we will be fully capable of achieving quite fast economic growth. But of course, emphasizing economic growth absolutely does not mean a lopsided striving for speed, but rather genuinely focusing on economic growth quality and efficiency, conscientiously adhering to a market orientation and a focus on economic efficiency, speeding up structural adjustment, and intensifying growth stamina and competitive capacity to form structural and efficiency advantages.

We will continue to make market opening a key work priority. We will conduct better market research, do a good job of forecasting and analyzing, and act in line with changing market demand to study and draw up a market development strategy and countermeasures. We will do all possible to develop the rural market, actively opening up markets outside of Jiangsu and striving to

expand overseas markets to raise the market share of Jiangsu products. We will reinforce organizational leadership and more quickly establish specialized markets for manufactured goods. We will build a better corps of enterprise business marketers, reinforce all business marketing grounds, and sharply expand the business marketing network. We will choose several inland and border provinces with better market potential in which to launch a number of large-scale and influential sales promotion campaigns. We will pave the way for setting up permanent markets beyond Jiangsu. Meanwhile, we will combine market opening with restricted production to cut back inventories and turn losses into profits. We will take forceful steps to restrict the production of unmarketable and severely overstocked products.

We will further improve industrial technology and efficiency of scale. 1) We will insist on relying on S&T advances, study and draw up policy steps to promote enterprise technical progress, and support technology imports and new product development. We will accelerate use of new technologies to upgrade industries such as light textiles, metallurgy, and building materials, to raise technical equipment levels, product grades, and the export-earning ability of traditional key industries. We will speed up the "symbolic project" to implement a group of crucial industrial capital construction and upgrading projects and high-tech industrialization and cultivate a batch of key high-tech enterprises in an effort to raise the technology level of Jiangsu's industrial economy. 2) We will adjust the organizational structure to develop an economy of scale. We will combine industrial adjustment with product-mix adjustment, pursue a brand-name strategy, and organize a group of large transregional, cross-industry, and cross-ownership-system enterprise groups headed by quality brand-name products and linked by joint assets. Through a number of years of endeavor, we will convert the traditional "small but complete" and "large and complete" industrial structure into a conglomerate-type one of product diversification and technology specialization.

We will focus financial and material resources on ensuring the construction of infrastructures, priority basic industry projects, and priority technological upgrading projects, thus building economic development stamina. We will continue the construction of large projects—the Huai He control, Tai Hu control, eastern adjustment and southern expansion, and Yu He link projects. We will strive to complete the major Wangyu He and Taipu He projects, continue the large levee around Tai Hu and the Wudengxi and Huxi diversion and drainage projects, and complete the large Hongze Hu levee, the reinforcement of the channel into the Chang Jiang, and the diversion of the Huai He into the Yi He. We will speed up construction on the Shanghai-Nanjing expressway, the Nanjing-Lianyungang and Nanjing-Nantong No 1 roads, the new Nanjing airport, and the highway bridge over the Chang Jiang at Jiangyin; continue to emphasize the dredging of the Grand Canal in southern Jiangsu; and make good preparations for the

Xinyi-Chang Jiang railway project. We will emphasize ongoing technological upgrading projects such as the Pengcheng and Sheyanggang power plants; start construction on Yangzhou's second power plant; speed up construction on the first stages of and the Ninth Five-Year Plan implementation work for key power plants, such as second power plants in Ligang, Changshu, and Huaneng Nantong, and the Nanjing Jinling and Taicang power plants; do a good job of all work involved in the project to supply power to Jiangsu from Yangcheng, Shanxi; and accelerate the first stage of the nuclear power project. We will complete the Nanjing-Hangzhou cable project and the simultaneous fiber-optics project along the Chang Jiang, further reinforce switchboard capacity, raise communications equipment levels and degree of dissemination, and speed up data communications platform and information network construction. We will do a conscientious job of the construction and first-stage work on priority raw materials projects. To meet the needs of investment reform, we will actively explore new fund-raising channels and means. We will better emphasize the building and construction quality of ongoing projects thus raising project investment efficiency.

We will continue to make faster tertiary industry development a strategic step to optimize the industrial structure and raise overall economic quality. We will give prominent emphasis to three combinations. 1) We will combine faster tertiary industry development with infrastructure development. To meet the needs of economic development and higher living standards, we will give priority to building infrastructure projects such as transportation and communications. 2) We will combine it with development of new service trades. We will vigorously develop all markets, expand the financial insurance industry, and speed up development of tertiary information industries such as S&T advisory services and legal advice. 3) We will combine it with urban planning distribution adjustments. We will build good urban service facilities of all types, improve overall service function to facilitate livelihoods, and strengthen radiation effects to surrounding regions. Rural areas will focus on raising their urbanization levels to expand rural development space for tertiary industries. We will draw up a preferential policy to pool peasant and idle social funds to build new small cities and towns, attracting peasants into them to engage in business, and expand rural market trade. We will actively develop and utilize tourism resources and endeavor to raise the overall efficiency of the tourist industry. We will act in accordance with the "relaxing, devolving, and letting go" guiding ideology, take conscientious policy steps to stimulate operations, and steadily open up new fundraising channels in an attempt to form tertiary industry growth forces that are full of vitality.

2. We will continue to reinforce our agricultural base and promote all-out rural economic growth. To meet the need for sustained, rapid, and healthy national economic growth, we will need to make agriculture an economic

priority. We will do all possible to reap a good agricultural harvest. We will adhere to all of the party's basic rural policies, stabilize acreage, focus on per unit yields, increase investment, provide better service, and vigorously develop diversified operations and township enterprises to achieve overall rural economic prosperity.

We will further stabilize and develop agriculture. We will strongly emphasize the stabilization and recovery of cultivated acreage to ensure the steady growth of grain, cotton, and oil output. We will intensify planning direction and policy guidance, bring into full play the centralized operational role of rural collective economic organizations, and ensure the cultivation according to plan of grain, cotton, and seed oil acreage to achieve a gross annual output of 31.5 million tons of grain and strive to achieve gross outputs of 480,000 tons of cotton and 1.4 million tons of seed oil. We will do a good job of building commodity grain- and cotton-base counties. We will tighten land management and emphasize designation of basic farmland protection zones to conscientiously protect cultivated-land resources. We will reinforce farmland capital construction and do a good job of the multipurpose development and utilization of agricultural resources. We will give crucial strategic importance to developing coastal beaches, developing and upgrading 1 million mu in the first stage. We will vigorously develop a diversified economy by supporting a group of key enterprises that integrate trade and industry with agriculture and production with manufacturing and sales to gradually achieve specialized, based, and regionalized farm production and to form advantages and features of scale. We will accelerate development of export-earning agriculture, encouraging qualified enterprises that produce farm and sideline products to export directly. We will vigorously emphasize the production, supply, and marketing of agricultural capital goods, such as chemical fertilizer and reduce circulation links to ensure timely supplies in guaranteed amounts and at controlled prices. And we will take effective steps to conscientiously lighten peasant burdens.

We will persist in stabilizing and improving the household responsibility system of linking remuneration to output and the dual operating system that combines centralization with decentralization. Qualified areas will speed up development of farming suited to operations of scale. We will continue to push ahead with and improve reform of the purchasing and marketing system for staple farm and sideline products by implementing coordinated measures. We will build a better rural socialized service system, do a good job of integrating pre- and post-production agricultural services, and improve the three-level county, township, and village service network. We will intensify diversified agricultural input and enhance agricultural development stamina. We will raise percentages at all levels of local capital construction funds, fiscal budget funds, and credit funds spent on agriculture. We will continue to pursue policies of industrial support to and construction of agriculture, making good use of special state loans in support of major grain

and cotton counties. We will encourage collectives and peasants to invest more funds and labor in agriculture. We will spend more foreign investment on agriculture and guide foreign investment to development-type farming and key agricultural projects.

Focusing on economic efficiency, we will actively develop and improve township enterprises. More economically developed areas will act in line with the needs for scale expansion, intensive farming, and externally oriented development and help township enterprises upgrade their technology better, adjust their structures faster, and open up their domestic and overseas markets better to form new competitive advantages. The areas that started with township enterprises later will act in line with their realities, actively develop their resource advantages, and adhere to a simultaneous rise of diversified economic components to take a development path with their own distinctive characteristics. Grounded in better planning and construction of small cities and towns, we will gradually guide township enterprises to a suitable concentration and a more rational overall distribution to raise their overall efficiency.

3. We will tightly control price rises to persist in curbing inflation. As market prices directly affect vital public interests, with overly fast price rises straining the economic relations of all parties and affecting the reform and development climate, we will make curbing price rises and controlling inflation the key macroeconomic regulation and control mission, treating them as a key link in dealing correctly with the relations of reform and development to stability, and taking effective steps with the joint efforts of all to create a fine macroeconomic climate for pushing ahead with reform and development.

We will strive to increase effective market supplies and invigorate circulation to provide the essential material grounds for stabilizing prices. We will vigorously emphasize "rice bag" and "food basket" projects, implement all reform steps by building better production bases for nonstaple foods, support large farming and breeding households, expand intensive farming, and raise output capacity to increase market supplies. We will build wholesale markets for farm and sideline products faster and develop a staple and nonstaple food market network that is rationally distributed, of appropriate scale, focused mostly on meats and vegetables, and combines wholesale with retail. We will actively support the integration of production with manufacturing and marketing and encourage joint agricultural, industrial, and commercial operations and direct peasant access to urban and rural markets. We will convert the operating forces of state commerce faster and improve its circulation form to bring its dominant role in curbing prices into full play.

We will tighten fixed assets investment management by strictly controlling the overly rapid growth of consumption funds. While ensuring a rational growth of fixed assets investment, we will act in line with industrial

policy by cutting back ordinary projects, controlling new project starts, and tightening control of ongoing projects to prevent unchecked construction. We will earnestly implement the spirit of the State Council "Circular on Strictly Controlling the Excessive Growth of Consumption Funds and Tightening Cash Management," enforce strict financial discipline, tighten spending management, and strictly control group purchasing power. We will conscientiously inspect consumption funds to keep them from growing too fast.

We will further intensify price management and oversight. We will continue to implement the ten steps set forth by Premier Li Peng for stabilizing market prices and curbing inflation, conscientiously implement price-control goals, and practice an executive responsibility system. We will better rectify circulation order and standardize market price actions. We will earnestly implement the "Jiangsu Regulations on Price Management and Oversight," improve price oversight and inspection methods, tighten all charge management, conduct more forceful price inspections, crack down on illegal pricing actions—such as fraud, seeking of exorbitant profits, and market monopolization—and severely prosecute arbitrary price rises and charges. We will continue to collect fully and use well market price-reconciliation funds, new food-base construction funds, and grain venture funds, set up venture funds for non-staple foods faster, and improve local staple commodity reserve systems to reinforce government regulation and control capability.

4. Focusing on enterprise reform, we will establish the new socialist market economy system faster. State enterprises, particularly large and medium-sized ones, are the key and dominant forces of the national economy, make huge contributions in areas such as reinforcing national economic might, supply the state with profit and tax accumulation, provide more employees with jobs, and resolve social conflicts. While a sizeable group of them are now being run better, certain of them still lack vitality due to a host of reasons and are in production and operating difficulties. So we will focus in 1995 on state enterprises, intensifying reform and enhancing vitality, so that they can form and develop new advantages under new conditions. And suiting the need for intensified enterprise reform, we will move ahead actively with the pertinent related reforms by further improving all steps in macroeconomic management reform.

The direction of state enterprise reform is to establish a modern enterprise system suited to the socialist market economy. As this job involves many aspects, being a complex type of systems engineering, we will now emphasize three areas. 1) We will intensify leadership, organize meticulously, standard strictly, and actively explore speeding up the pace of experimentation. Jiangsu's overall coordinated reform of three national-level experimental enterprises is fully underway, with the job of establishing a modern enterprise system in 127

provincial experimental enterprises in substantive operation. All cities and counties will also choose groups of experimental enterprises, to gradually resolve the historic burdens of enterprises. We will combine inventories of assets and funds with adjustment of experimental enterprise debt structures to add to state-owned capital funds. We will use diverse methods such as shareholding upgrades, foreign-investor grafting, mergers and alliances, leasing and auctioning, contract operations, and downsized accounting units to do a good job of property rights reform. In combination with industry structural adjustment, we will close down, stop operations, merge, and convert to other functions some enterprises. We will allow state enterprises with longstanding losses, more liabilities than assets, and no hopes of ever becoming profitable to experiment with bankruptcy, establishing bankruptcy forces. 2) We will implement enterprise operating autonomy and convert operating forces. We will continue to implement the "Regulations on Converting the Operating Forces of State Industrial Enterprises" to ensure that all 14 autonomous rights granted to large and medium-sized state enterprises are fully implemented. We will earnestly convert government functions by speeding up the separation of government and enterprise functions to pave the way for enterprises to become more market-oriented. We will conscientiously implement the "Regulations on State Enterprise Asset Oversight and Management" promulgated by the State Council, emphasize establishment of a basic state property management system, and choose a group of large state enterprises to experiment with delegated boards of supervisors, asset operation responsibility systems, and authorized operations. 3) We will earnestly tighten operations and management within enterprises. We will conduct a serious campaign to "convert forces, emphasize management, spruce up internal operations, and raise efficiency." We will establish sound new hiring, internal assignment, and business accounting systems and tighten management in areas such as technical standards, product quality, production costs, market business-marketing, employee training, production safety, and environmental protection. We will do all possible to lower consumption and costs by speeding up fund turnover to invigorate fund inventories. We will continue to practice a goal responsibility system for turning losses into profits and implement policy steps for reversing losses. We will pay attention to building a corps of entrepreneurs and steadily improving its quality. We will better evaluate, reward, and penalize the assets liability management of business managers.

We will actively but safely move ahead with urban and rural enterprise, especially township enterprise, reform. We will seriously sum up existing experimental experiences and gradually standardize all reform policy steps. We will distinguish circumstances, suit measures to local conditions, and intensify reform in diverse ways to steadily add to enterprise vitality. We will increase the

percentage of asset contract venture funds and tighten collective asset management to achieve hedging and appreciation.

We will speed up all coordinated reforms to accelerate establishment of a multi-level social security system. Focusing on intensified enterprise reform, we will move forward with social security reform which focuses on improving pension and unemployment insurance. The unemployment insurance fund will operate in accordance with the principle of outlay based on income with suitable reserves, with uniform standards and overall planning. Urban pension insurance will combine overall public planning with individual accounts and gradually break down the limits between the state and collectives to create uniform premiums, rational application, and uniform grants. We will continue to do a good job of reform experiments in Zhenjiang's health insurance and acquire experience in preparation for broader dissemination. We will build the market system faster, focusing on developing production essentials markets and all types of intermediary market. We will conscientiously lighten the social burdens of enterprises by gradually shifting the social service functions assumed by enterprises to local governments and community organizations. We will make overall plans for all reform steps, giving due consideration to the capacity of enterprises and people to endure individual reforms and even more to the overall capacity to endure all reforms.

We will continue to perfect macroeconomic management reform by consolidating and developing successes already achieved. We will proceed with financial reform actively but safely. We will do a good job of separating rural credit cooperatives from the Agricultural Bank and pave the way for the establishment of rural cooperative banks. We will actively move ahead with experiments in reorganizing urban cooperative banking. We will strive to set up foreign and regional commercial bank branches. We will develop and improve money, stock, and foreign exchange markets. We will better implement tax-assignment plans and perfect the new tax system. We will tighten tax collection management and crack down on tax fraud and evasion. On the premise of ensuring the steady growth of state revenues, we will vigorously cultivate local tax sources by establishing and improving the local tax system.

5. We will open up further by implementing our economic internationalization strategy faster. While Jiangsu has achieved great successes in opening up to the outside world, we are also facing severe challenges. We need to fully recognize the driving role of expanded opening in overall economic and social development, actively pursue a strategy of faster economic development along the Chang Jiang headed up by the opening and development of Pudong, and take a more active stance in international competition to promote the rapid growth of Jiangsu's economy and the further elevation of overall quality.

We will persist in "all-dimensional, high-minimums, and high-standards" expanded opening. All localities and all trades and professions will promote the development of their own cause through expanded opening and creating a good climate for further opening to form an organic whole of all-out openness as quickly as possible. We will orient ourselves toward international market competition and 21st-century development, take a long-range view, and endeavor to promote a close combination of S&T with economic relations and trade to raise existing industrial quality. We will gradually establish economic operating forces that are on track with international practice and an information service system that is coordinated with expanded opening to move ahead with Jiangsu's economic internationalization.

We will continue to use foreign investment actively, rationally, and effectively. We will concentrate all of Jiangsu's might on soliciting more business and attracting more foreign investment. We will ensure that real use of foreign investment in 1995 reaches \$4.8 billion. While emphasizing the direct use of foreign investment, we will make more use of foreign government and international financial institution loans, explore the use of international commercial credit and stock investment, and strive to list stocks or establish investment funds overseas. We will tighten the macroeconomic guidance, regulation, and control over use of foreign investment, acquire a rational understanding of the scale and mix of foreign investment in Jiangsu, combine use of foreign investment with national and provincial industrial policy, and guide foreign investment to high-tech industries, export earning enterprises, infrastructure projects, basic industries, and development-type agriculture to steadily raise the quality and level of use of foreign investment. We will continue to promote joint and contractual-joint ventures between groups of large and medium-sized enterprises and overseas transnational corporations and large financial consortia by upgrading through grafting. We will run existing FIEs well, raising their fund-arrival, startup, and export earnings rates.

We will adjust export mixes in line with international market demand and steadily expand the international market capacity of Jiangsu products. We will pursue an "international brand name" strategy, gradually developing a group of outstanding exports into brand name Jiangsu products with a certain amount of name recognition on the international market. We will encourage and support enterprises to take the route of industrialization, group-orientation, and internationalization to make them more competitive on the international market. We will broaden fields of foreign economic and technical cooperation; expand from mostly labor contracting in building construction, transportation, and irrigation and water conservancy to general contracting in international tourism, international technology intelligence investment and transfer, and international advisory services and projects; and promote hardware exports such as equipment through technology exports.

We will speed up building of an international economic relations and trade network. We will make assets links, organize head offices for Jiangsu's overseas enterprises, coordinate the work of overseas companies, and reinforce their might and operating scales to raise their overseas prestige and competitiveness.

We will accelerate building of all development zones. We will combine development-zone establishment with the upgrading of older enterprises, the transformation of older urban districts, and the adjustment of the industrial structure, as well as with the establishment of new mechanisms, the use of new technology, and the achievement of higher efficiency to turn it into a crucial front and window for soliciting business and attracting investment, a successful example of modern management, and a new growth-point for economic development. We will speed up establishment of the Suzhou industrial park, actively attracting foreign investment and building projects faster, while drawing on Singapore's economic and public management expertise closely linked to China's national conditions to achieve clear progress, forming in the park new development and construction feature to bring into full play its demonstration, radiation, and promotional effects in Jiangsu's overall opening up to the outside world and economic development. We will accelerate the development and construction of the Zhangjiagang duty-free zone to better exploit its advantages and functions in the service of Jiangsu's open economy.

We will endeavor to improve the investment climate. While building a hard infrastructure climate faster, we will conscientiously improve the soft climate. We will draw on the experience of developed nations in combination with realities to improve service systems and raise administrative efficiency. Departments such as finance, customs, commodity inspection, taxation, industrial and commercial administration, land management, and judicial administration will take the initiative to provide good service. We will establish sound local legislation involving foreigners, practice strict oversight, and standard management actions. We will honestly protect state property rights and interests, protecting in accordance with law the legitimate rights and interests of both Chinese and foreign investors and Chinese employees.

6. We will pursue an all-out strategy of "S&T invigoration of Jiangsu," promoting coordinated economic and social development. As actively developing S&T education and all causes is a crucial element of modernization, as well as a fundamental project for raising Jiangsu's economic and social development level, we will give it crucial strategic importance, striving to emphasize results.

We will better organize, combining S&T closely with economics, to speed up the conversion of S&T achievements into practical productive forces. 1) We will move actively ahead with "invigoration of agriculture through scientific education" by focusing on tackling key agricultural S&T problems and disseminating applied agricultural S&T achievements. 2) We will speed up high-tech

industrialization and do a good job of building national-level, high-tech industrial development zones and Spark technology-intensive zones to form a new high-tech industrial development order focused on high-tech industrial development zones and centered mainly on the Suzhou-Wuxi-Changzhou Torch axis. We will take integration of bioengineering technology, information technology, computer technology, new materials, and machinery and electronics as a priority and strive to emphasize well a group of industrialization projects. We will make production technology and equipment modernization a main line of attack to modernize traditional industries faster. 3) We will better study and draw up policies and strive for advances in areas such as forming S&T markets, organizing technology trade companies, and developing technology brokers. We will encourage the establishment of private S&T enterprises. We will emphasize the building of priority laboratories, project research centers, and Chinese-style bases and high-tech pioneering service centers, going all-out to develop S&T advisory service experiments. 4) We will intensify S&T reform by bringing into full play Jiangsu's advantages of abundant talent in colleges, universities, and research institutes; reinforcing basic and high-tech research; and stabilizing high-level S&T ranks, while encouraging more outstanding scientists and technicians to cooperate with enterprises in technology development to vigorously disseminate advanced applied S&T achievements. 5) We will emphasize software science research and application to make decisions more scientific and democratic and management more modern. We will hold at the appropriate time in 1995 the Nanjing High-Tech and New Products Fair and a provincial S&T congress to promote the conversion of S&T achievements into productive forces.

We will move actively ahead with educational reform and development and continue to implement the "China Educational Reform and Development Program." We will apply nine-year compulsory education to 15 more counties (cities, districts) and 220 townships to push the compulsory education population coverage rate over 90 percent; we will eliminate illiteracy among 200,000 young and middle-aged people and push nonilliteracy [as published] rate among the young and middle-aged over 98 percent; we will achieve goals of essentially universal nine-year compulsory education and the basic elimination of illiteracy. We will sharply expand vocational technical and adult education and institute multi-level on-the-job employee training and continuing education. We will continue to adjust and optimize higher educational distribution, course mixes, and specialty disposition by starting 211 projects and conducting advance project-establishment inspections of priority institutions of higher education and emphasizing the establishment of 91 priority courses and public service systems. We will guide and spur colleges and universities to hold joint classes to raise their teaching efficiency. We will push sharply ahead with higher education reform, gradually forming higher education forces of social orientation and

autonomous teaching in accordance with law. We will proceed actively to reform admissions and graduate student employment systems. We will reform and improve the educational investment system by gradually establishing an educational funding system of mostly state fiscal appropriations along with diversified fund raising. We will conscientiously implement the CPC Central Committee's "Views on Better Reinforcing and Improving School Moral Education" to improve moral schooling. We will go all-out to implement educational principles, raise educational quality, improve teaching methods, resolutely rectify the phenomenon of unilateral striving for promotion rates, and earnestly lighten the excessive homework burdens of grade and high-school students. We will conscientiously implement the "Teacher Law," protecting the legitimate rights and interests of teachers to build a better corps of teachers.

We will emphasize talent training, introduction, and utilization. As talent is a strategic matter affecting overall socialist modernization, we will earnestly pay great attention to talent training and treat it conscientiously. 1) We will better develop existing talent to make the best possible use of it. 2) We will emphasize the training of senior management expertise. We will select a group of young and middle-aged cadres with particular specialized knowledge and train them in diverse forms so they can better assume the job of organizational leadership of economic construction. 3) We will intensify future-talent, particularly composite-talent, training. 4) We will intensify continuing education for on-the-job employees. 5) We will do a good job of talent attraction by actively encourage talent from beyond Jiangsu and overseas to serve Jiangsu's economic construction and social development in many ways.

We will zealously emphasize public health and sports. We will continue to launch more intensive urban and rural patriotic public health campaigns and solidly and effectively promote pioneering sanitary cities. We will build sounder urban and rural health fitness networks, do a good job of preventing disease, lower major infectious disease incidence rates, and invigorate the traditional Chinese medicine cause to improve overall medical and public health service quality. We will zealously implement national physical fitness planning and hold widespread public sports activities of all types, with priority on developing competitive sports. We will do an honest job of all preparatory work for the Third National Urban Games to ensure their success. We will strictly enforce family planning policies and legislation and strive to push the family planning rate over 90 percent. We will raise public environmental protection awareness and do a better job of environmental protection work to improve ecology and environment. We will carry out large-scale tree planting and greening, eliminate barren hills suited to forestry, and strive to achieve "plains-greened province" goal. We will honestly improve urban management. In line with overall urban and rural construction planning, we will speed up public facility and infrastructure development, improve urban and rural

transportation, raise urban water and gas supply capacities, and accelerate the pace of rural waterworks upgrading. We will implement "peaceful-living projects" faster. We will build small cities and towns faster, giving priority to building 100 new small cities and towns. We will emphasize work with women and children, providing well for the elderly, and paying attention to supporting the disabled.

7. We will intensify graded guidance and promote joint regional economic development. A sincere resolution of the north-south economic development gap will have a direct impact on the full achievement of Jiangsu's strategic modernization objective. So all throughout Jiangsu will reach a better consensus that "unless northern Jiangsuans are comfortably well-off, none in Jiangsu will be so, and unless northern Jiangsu modernizes, there will be no modernization throughout Jiangsu," we will proceed from realities, suit measures to local conditions, and exercise graded guidance to promote north-south advantage reciprocity and joint development.

The areas with better developed economies will actively respond to the opening and development of Pudong and work to adjust their industrial structures and raise their industrial technology capacity to gradually form a development order of mostly high-tech industry and of fund use and product sales oriented mainly toward the international market. We will take diverse steps to gradually shift labor- and resource-intensive industries toward the less developed areas. We will plan industrial distribution rationally, avoid duplicate construction, tighten economic alliances, promote industrial division of labor and essentials accumulation, and intensify the radiation ability of central cities to spur economic growth throughout Jiangsu.

Through years of effort, the cities north of Huai'an have built up a quite good development base, further clarifying that their development path is suited to local realities. To support the development of the area north of Huai'an, we will continue to take a number of steps: 1) We will further reform its investment climate by speeding up its infrastructure construction to broaden its channels to the outside world. We will gradually form a transportation network composed of the Donghai-Longhai railway, the Xuzhou railway hub, and the Xinyi-Changzhou railway; the No 1 highways from Nanjing to Lianyungang, Yancheng, and Xuzhou; coastal ports such as Lianyungang; the Beijing-Hangzhou canal; and the Xuzhou, Lianyungang, and Yancheng airports. 2) We will insist on diversified economic components taking off together by supporting and guiding individual and private economic development. 3) We will further develop its agricultural, shoreline, maritime, and mineral resources, speeding up its conversion of resource advantages to industrial advantages. We will sharply develop its diversified economy by extending farm and sideline product manufacturing in depth and giving priority support to a group of leading enterprises and enterprise groups of a certain scale that integrate trade.

industry, technology, and agriculture to form economic growth points with demonstration and dispersion effects. 4) In northern Jiangsu, we will deploy in a planned way a group of industrial projects that will affect its overall economic development, using more foreign investment and cultivating key industries to gradually form a basic industrialization framework. 5) We will do a good job of poverty relief. In line with the goal of "striving to dispose of the problem of villages without electricity in northern Jiangsu within three years," we will resolve 40 percent of the problem in 1995. Based on existing linked coordination between northern and southern counties and cities, we will organize provincial units, colleges and universities, and enterprise groups to take part in designated linked poverty relief for Jiangsu's poverty-stricken counties, achieving the five-party links of "departments, colleges and universities, enterprises, and southern and northern Jiangsu counties (cities)." We will continue to implement all policies in support of the development of old liberated revolutionary areas. We will focus all of our efforts on emphasizing poverty-relief priorities and speed up implementation to help poverty-stricken areas escape poverty and move toward becoming comfortably well-off as quickly as possible.

8. We will move ahead with the building of spiritual civilization, going all out to preserve social stability. Insisting on "emphasizing both aspects forcefully" is a strategic principle running through the whole building of socialism with distinctive Chinese characteristics, as well as a prerequisite for overall social progress. The more we reform and open up, and the more we develop the economy, the more we need to reinforce spiritual civilization in order to preserve social stability. We will persist in "arming the public with scientific theory, guiding with correct publicity, molding with a lofty spirit, and stimulating with outstanding works," thus striving to elevate spiritual civilization to new heights. We will continue to earnestly organize the study of Comrade Deng Xiaoping's theory on building socialism with distinctive Chinese characteristics, raising the awareness of vast numbers of cadres to implement the party's basic line. We will intensify indoctrination in patriotism, collectivism, socialism, bitter struggle, and a spirit of contribution and guide public initiative to promote reform, opening, and modernization. We will intensify and improve grass-roots ideological and political work. We will conduct widespread and protracted campaigns to found civilized units, villages and small towns, and households, two-haves model cities (counties), and joint military-civilian and police-civilian construction; carry out urban "three-superiorities" (superior service, environment, and order) activities; and do a better job of cultivating public morality and professional ethics to steadily raise the quality of citizens and urban and rural civilization. We will persist in emphasizing construction by focusing on the "five projects" to invigorate production of spiritual products. We will elevate the major melody while advocating diversification and actively developing national and refined literature and

art to enrich public spiritual and cultural lives. We will emphasize rural culture by endeavoring to found a group of advanced mass-culture counties. We will continue with the "anti-pornography" and "anti-evil" struggles, intensifying cultural market management. We will build better cultural facilities such as libraries, culture palaces, museums, archives, and mass art museums. We will emphasize public scientific research and better develop journalism and publishing enterprises. We will move steadily ahead with reforming literary and arts performance troupes and publishing systems, continue to improve and implement cultural economic policies, and sharply expand the cultural economic industry to diversify and add to cultural enterprise input.

We will continue to preserve social stability. We will actively expand production and operation fields and increase job channels. We will make good arrangements for the employees of enterprises that have stopped or semi-stopped production, the unemployed, and the public in poverty-stricken areas and show concern for the livelihoods of retirees. We will continue to do a good job of handling public letters and visits and correctly deal with conflicts among the people in an effort to nip problems in the bud. We will intensify overall control of public order, adhere to the principle of "combining offense with defense and curing both symptoms and root problems," and severely crack down on serious and economic crimes that are very dangerous and influential to eliminate all sorts of repulsive social phenomena. We will rectify order in priority areas and public arenas, tightening control of outsiders. We will mobilize and organize all public forces to act together in doing a good job of basic public order work and grass-roots prevention. We will take conscientious steps to prevent the occurrence of serious and pernicious fire disasters and accidents. And we will build a better corps of political scientists and lawyers, raising their overall quality.

9. We will honestly reinforce government institutions by forming a new political style of "honest and industrious government, with efficiency and creativity." Faced with new conditions and missions, we will definitely and effectively reinforce government institutions, using a new creative spirit, innovative work thinking, and a fresh work style to create a new government work order.

We will convert government functions faster. In line with the principles of "streamlined, uniform, and efficient" and uniform central planning, we will do a good job of all provincial government-set work on functions, organs, and establishments, essentially completing the structural reform of provincial government and starting structural reform on municipal and some county governments. We will further convert government functions to areas such as exercising macroeconomic regulation and control policy, building a good infrastructure, and tightening social management, gradually establishing a fully functional, flexible, and efficient administrative system. Meanwhile, we will intensify government regulation and control means and capacity over the regional economy to ensure that the economy operates soundly.

We will move actively ahead with the building of democratic legal institutions. Governments at all levels will voluntarily subject themselves to oversight by people's congresses and their standing committees at all levels while respecting the democratic rights of the people's delegates. We will conscientiously implement provisions on political consultation with people's political consultative conferences, democratic oversight, and participation in executive, political, and legislative affairs. We will do a good job of handling motions, suggestions, criticism, and dissent by people's delegates, people's political consultative conference members, democratic parties, and associations of industry and commerce. We will emphasize the bridging and linking roles of people's organizations such as labor unions, the CYL, and the Women's Federation. We will bring their role in public oversight into full play. We will practice sound democratic management, bringing into sincere play the roles of employee congresses, neighborhood committees, and village committees. We will continue to support and show concern for the revolutionization, modernization, and standardization of PLA troops stationed in Jiangsu and do a more sincere job of militia and reserve duty work. We will conduct in-depth propaganda and indoctrination in legal institutions to raise the legal awareness of all throughout Jiangsu. All government workers throughout Jiangsu will administer their duties in accordance with law and firmly rectify phenomena such as not observing the law, enforcing law laxly, violating the law with impunity, abuse of power, and violating the law in the pursuit of departmental and local interests. We will reinforce government legal establishments; set up sound administrative enforcement, enforcement oversight inspection, and administrative reconsideration and compensation systems; and do a good job of drawing up local legislation and regulations in line with national legislation. We will reinforce law enforcement ranks and raise administrative law enforcement quality.

We will sincerely improve our work style. We will pay attention to combining central policies and principles with local and departmental realities, working creatively. We will intensify investigation and study, discovering new situations, studying new problems, and summing up new experiences to raise leadership quality. We will build a sounder job responsibility system by enforcing strict government administrative discipline. We will establish an overall awareness and practice better interdepartmental coordination. We will overcome bureaucracy, guard against formalism, and oppose unhealthy behavior such as irresponsibility, shirking and wrangling, not following orders, and not implementing prohibitions. We will better oversee and evaluate government functionaries thus steadily raising their ideological and professional quality. We will insist on serving the people and the grass roots. The provincial government has set certain groups of priority affairs each year in recent years, which system we will adhere to and steadily improve.

We will unremittingly persist in the struggle against corruption. Leading organs and leading cadres at all

levels will spur each other on at each level. All subordinate leading organs and leading cadres will personally perform whatever tasks are assigned them from above. We will continue to strictly investigate and prosecute violations of law and discipline and punish corrupt elements in accordance with law. We will better rectify unhealthy departmental and industrial tendencies and conduct earnest special crackdowns on glaring problems of great public concern, such as arbitrary charges, to ensure effectiveness. We will persist in arduous struggle, hard work, and thrift and oppose the unhealthy tendencies of extravagance, waste, and the pursuit of luxury. Meanwhile, we will sincerely indoctrinate citizens in honest government and establish sound anticorruption and oversight systems to form effective internal and external oversight mechanisms.

We will also begin in 1995 to draw up Ninth Five-Year Plan for national economic and social development. The Ninth Five-Year Plan period will be an exceptionally crucial one for Jiangsu's advancement in reform, opening, and modernization. In the course of formulating the Ninth Five-Year Plan, we will focus on the struggle goals set forth by the Ninth Jiangsu Party Congress, go all-out to analyze the international and domestic climates and Jiangsu's conditions, and put priority on studying certain crucial issues affecting overall reform and development, such as shrinking the north-south gap, promoting coordinated urban-rural development, going all out to become comfortably well off, pushing the rural economy to new heights, bringing the dominant role of the state-owned economy into full play, reinforcing basic industries, developing high technology, achieving an economy of scale, rationally adjusting regional productive forces layout, and forming new advantages for Jiangsu's economy, by setting forth corresponding remedies. To make planning more macroeconomic, strategic, and scientific, we will intensify leadership, organize honestly, pay attention to soliciting widespread views from specialists, academics, localities, and departments in all areas, and pool the wisdom of all throughout Jiangsu to ensure that the Ninth Five-Year Plan is both stimulating and feasible.

Fellow delegates, our mission for the new year of 1995 is both glorious and difficult. Let us act under the guidance of Comrade Deng Xiaoping's theory on building socialism with distinctive Chinese characteristics and the party's basic line, as well as under the correct guidance of Comrade Jiang Zemin as the the core of the Party Central Committee, rely closely on the people throughout Jiangsu, better free up thinking, seize opportunities, unite in struggle, and act genuinely and pragmatically to win new victories in reform, opening, and modernization!

Qingdao Becomes 'Outlet to the Outside World'
OW0405061795 Beijing XINHUA in English 0555
GMT 4 May 95

[FBIS Transcribed Text] Qingdao, April 4 (XINHUA)—Qingdao, a port city in east China's Shandong Province,

has made great achievements in opening up by making use of its advantage as an outlet to the outside world.

Information from the Office of Port Administration shows that the city's imports and exports have increased markedly since last year, and that it fulfilled its 1994 quota for imports and exports in three and a half months.

Over the past year, the city handled imports and exports valued at 8.88 billion U.S. dollars, up 31 percent over the previous year. Imports amounted to 3.78 billion U.S. dollars, up 18.9 percent from 1993.

Local officials attribute the achievements to the fact that the city has been trying hard to improve its open port status.

For example, China Eastern Airlines started two new international air routes linking Qingdao with Osaka, Japan, and Seoul, the Republic of Korea, last year, while offering charter flights to Hong Kong.

As a result, 930,000 passengers went by air to Qingdao last year, while 16,000 tons of goods were transported by plane.

As another example, the city has stopped its previous practice of carrying out inspections by boarding ships and boats, and instead opened an office to do the inspection on land, in a move to simplify inspection procedures and improve service. The new method has proven effective.

By the end of last year, the office handled inspection procedures for 3,132 Chinese and foreign boats, 316 more than the previous year, say local officials.

The port is now capable of handling a total of 18 million tons of imports and exports a year, and an average of 4,000 foreign ships and vessels pass through the port.

Shanghai Labour Disputes Increase 90% Annually

HK0405011695 Beijing ZHONGGUO XINWEN SHE
in English 0846 GMT 2 May 95

[FBIS Transcribed Text] Shanghai, May 2 (CNS)—According to information provided by a relevant department, labour disputes among Shanghai enterprises rose at an average of 90 percent annually in recent years.

In 1993, among different kinds of registered enterprises in Shanghai, a total of 994 labour disputes were appealed for arbitration, more than double than that of last year. In 1994, the number of labour disputes rose to over 1,800 cases.

A relevant source said the sharp increase in the number of labour disputes in Shanghai is mainly due to improving labour laws year after year. In the past arbitration departments only dealt with whether the dismissal of certain staff or workers was reasonable. Today, however, the centre of labour disputes mainly focus on

salary and welfare, labour protection or whether a man should pay training cost if he is transferred to another job.

Moreover, owing to the continuous increase in the number of new enterprises, there is a shortage of qualified personnel on labour. Especially labour contracts of small-sized foreign-funded enterprises are very often not standardized. Stipulations in these enterprises are often rather loose and therefore can not be relied upon in solving labour disputes. So when dispute occurs both the employer and the employee have but to appeal to arbitration of relevant departments.

According to statistics, Shanghai enterprises lost as high as 40 percent labour disputes arbitrated by relevant departments. In the process of a change from the old system to the new one, the source said, employers should learn more about the "Labour Laws".

Zhejiang Governor on Family Planning Work

OW0405105695 Hangzhou Zhejiang People's Radio Network in Mandarin 1000 GMT 3 May 95

[From the "Provincial News Hookup" program]

[FBIS Translated Text] This morning, the provincial party committee and government held a provincial televised and telephone conference on Zhejiang's family planning work. Provincial leaders Wan Xueyuan, Lu Zhangong, and Xu Xingguan and responsible figures of various relevant provincial departments attended the meeting. Various party and government leaders at city, prefectural, and county levels attended the meeting at various branch-sites. With red silk draped over their shoulders and flowers pinned on their chests, nearly 80 model workers of national and provincial family planning systems, representatives of advanced collectives, and advanced workers also attended the meeting at the main conference venue in Hangzhou.

Lu Zhangong, the provincial party committee deputy secretary, chaired the meeting.

Wan Xueyuan, head of the leading group for provincial population and family planning work and governor, spoke at the meeting. Wan Xueyuan said: Zhejiang has completed population control programs under the family planning task for four consecutive years in the Eighth Five-Year Plan period. The birth rate and natural growth rate of population were respectively 0.168 percent and 0.175 percent lower than the required annual targets. Hence, Zhejiang has successfully accomplished population control programs as instructed by the state, and remained one of China's top achievers in fulfilling the main targets of population and family planning work. A large number of advanced collectives and individuals who excelled in family planning work have appeared across Zhejiang.

The year 1995 is the last for accomplishing the Eighth Five-Year Plan's population control programs, and is

also a crucial year for laying the foundation for fulfilling the Ninth Five-Year Plan's population control programs. In 1995 the objectives of Zhejiang's population and family planning work are as follows: We should ensure the fulfillment of the targets of the Eighth Five-Year Plan's population control programs. By the end of 1995, Zhejiang will restrict its total population to less than 44.02 million people. Zhejiang will restrict the birth rate of its population to less than 1.369 percent. Zhejiang will restrict the natural growth rate of the population to less than 0.731 percent. Additionally, we should ensure that more than 92 percent of our family planning tasks are successful.

To fulfill this year's targets, various localities must accomplish the following tasks: First, we should be level-headed and firmly establish the concept that population growth and economic and social development should progress in a coordinated manner. We should always pay attention to facilitating increases in both aspects. Leaders at various levels should be mentally prepared to persistently and unwaveringly handle the tasks, continually and strictly restrict population growth, and earnestly and properly carry out family planning tasks.

Second, we should continually and persistently ensure that three relevant measures remain unchanged: In other words, the current family planning policy, formulated targets of population growth, and comprehensive responsibilities of principal party and government leaders who are personally in charge of family planning tasks should remain unchanged. We should carry out family planning activities that mainly stress propaganda, education, contraception, constant promulgation, and regular follow-ups. Furthermore, we must integrate family planning tasks with developing a market economy, leading the masses to become prosperous and to expeditiously attain a relatively well-off living standard through hard work, and building civilized and happy families. Additionally, we must launch new family planning activities throughout Zhejiang Province.

Third, we should stress key tasks, tackle difficult tasks, and attain new breakthroughs in administering the floating population, improving backward localities, providing quality services, and performing routine work in grass-roots units. We should emphatically handle the following four measures: (1) We should properly administer family planning among the floating population. We should intensify coordination while conducting comprehensive management over family planning work. We should strengthen the administration over family planning among the floating population within Zhejiang Province, as well as relevant work among the floating population that have left Zhejiang for other localities. (2) We should improve family planning work in backward localities. We should strive to transform major counties and townships that are backward in family planning work in 1995 and 1996. (3) We should choose some counties and cities, provide quality services there on a

trial basis, and further promote administration before pregnancies occur. (4) We should develop grass-roots units and perform routine work in grass-roots units. We should make concerted efforts to earnestly develop grass-roots units in rural areas in 1995 and 1996.

Fourth, we should further strengthen leadership, improve workstyle, and earnestly upgrade our forms of implementation. Party and government leaders at various levels should pay close attention to related work, improve their workstyle, earnestly perform concrete tasks, and persistently carry out the following three measures: (1) Principal party and government leaders should persistently take charge of family planning tasks, shoulder comprehensive responsibilities, and conscientiously implement the system under which governments at various levels are responsible for attaining the given objectives for birth control. They should also regard accomplishments in family planning tasks as an integral and major part of evaluating the work performance of party committees, governments, and leading cadres at various levels. (2) They should persistently seek truth from facts, improve their workstyle, resolutely oppose faking and cheating, and especially crack down, strictly investigate, and penalize the intentional concealment or failure to report statistical data. (3) They should persistently pursue the mass line and improve working formats. Moreover, they should further cultivate a contingent of family planning personnel; strengthen and improve family planning organs; and express concern and support for the development of family planning personnel by upgrading their political understanding, as well as their working and living conditions.

Zhejiang Issues 'Opinions' on Deng's Theory

OW0405031495 Hangzhou ZHEJIANG RIBAO in Chinese 20 Apr 95 p 1

[Unattributed report: "Another Major Move To Strengthen Party Building"]

[FBIS Translated Text] The Zhejiang provincial party committee recently issued the "Opinions on Carrying out the Activity of Studying the Theory of Building Socialism With Chinese Characteristics and the Party Constitution Among Party Members in the Entire Province," and made specific arrangements for conducting the study-related activity among party members across the province to implement the strategic task laid down during the Fourth Plenary Session of the 14th CPC Central Committee: "From now on, a drive for studying the theory of building socialism with Chinese characteristics and the party constitution should be launched in a planned, step by step way among all party members in the next three years."

The "opinions" pointed out: Launching the activity of studying the theory of building socialism with Chinese characteristics and the party constitution among all party members is a major move in strengthening party building, and a fundamental task in the new and great

project of party building in the new era. Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is the Marxism of contemporary China and also the ideological weapon and action guide that show us the way to launching new undertakings in the new historical era. The party constitution adopted by the 14th National CPC Congress is the program for party building in the new era, and a basis for regulating the words and deeds of party members. It is of great significance to strengthening party building, improving party leadership, and improving the party's fighting capacity that we proceed from the basis of the education on the party's basic line conducted last winter and this spring to make arrangements for all party members to further study the theory of building socialism with Chinese characteristics and the party constitution.

The guiding thought for this study-related activity follows: We should closely revolve around the central task of economic construction and the overall interests of the entire party and country, and act in accordance with the demands for establishing the socialist market economy and the second-step strategic objective of socialist modernization, to conduct in-depth, systematic education on the theory of building socialism with Chinese characteristics and the party constitution among party members of the entire province, arm all party members with the theory of building socialism with Chinese characteristics, comprehensively strengthen the party's ideological construction, improve the quality of party members, and fully enhance the exemplary vanguard roles of the masses of party members in the great cause of building socialism with Chinese characteristics.

The "opinions" urged: In conducting the study-related activity, we should adhere to the principle of being perfect and practical, and focus on the basic requirements of understanding the fundamental views of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as well as the stipulations of the party constitution. We should uphold the principle of linking theory with practice, pay attention to key issues and hot topics that are of concern to the vast number of party members, and strive to provide correct guidance and answers by combining theory with practice. We should also uphold the principle of providing guidance according to different levels and categories, seek high standards, make rigorous demands, refrain from formalism or doing things perfunctorily, and thoroughly and meticulously solve prominent issues among grass-roots organizations and party members in a down-to-earth manner.

The "opinions" suggested that this should be the major contents of the study: Important works on Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the "CPC Constitution." Our study of the theory of building socialism with Chinese characteristics should focus on "emancipating minds and seeking truth from facts," "the nature and path of development of socialism;" "socialism's developmental

stage, fundamental task, and development strategy;" "the theory of reform and opening up;" "the theory of socialist market economy;" "socialist legal construction and spiritual civilization;" "the core of leadership in the socialist cause and the strength on which the cause relies on;" "strengthening and improving party leadership;" and other main points. In studying the "CPC Constitution," we should focus on such main aspects as "the party's nature and aim," "the party's organizational principle and discipline," "carrying forward and promoting the party's fine traditions," "standards for party members and party cadres," and "strengthening the construction of grass-roots party organizations."

Party organizations at all levels in the province should observe the foregoing key study points, and seriously make plans to enable all party members to participate in relevant education. The education should help handle these three issues: First, we should cultivate the communist ideal, take the path of socialism with Chinese characteristics with firm conviction, increase our awareness in adhering to the party's fundamental theory and basic line, and carry out all party policies in an exemplary way. Second, we should adhere to the purpose of serving the people wholeheartedly, maintain close links with the masses, be honest in performing official duties, observe discipline and abide by the law, and conscientiously resist the corrosion of mammonism, individualism, and decadent lifestyle. Third, we should earnestly perform our duty according to the party constitution's stipulations, correctly exercise our rights, and score achievements in reform and construction.

Centralized training should be combined with regular study sessions in the educational activities. The activities should be launched along with commendations and propaganda on excellent party members who have produced outstanding results in reform and opening up and their exemplary deeds. They should also be carried out in conjunction with the democratic appraisals of party members and leading cadres, and the task of strengthening grass-roots organizations. We should systematically plan the day-to-day study sessions of party members and lessons about the party in keeping with the general demands on the study-related activity. The theory of building socialism with Chinese characteristics and the party constitution should be regarded as important and mandatory subjects in long and short-term training classes for all levels of party schools and schools for cadres. The educational activities should help produce more than 90 percent systematically trained grass-roots party members and 100 percent systematically trained party members who are also party cadres at and above the level of party branch committee members.

The "opinions" said emphatically: Party committees at all levels should regard the study-related activity as an important agenda and earnestly handle it as a major matter in strengthening party building. To provide stronger leadership in the educational activities, the provincial party committee decided to let Lu Zhangong

and Liang Pingbo assume overall responsibility for establishing a group for coordinating the activity of studying the theory of socialism with Chinese characteristics and party constitution among party members in the entire province to provide unified and coordinated guidance. All county (city) and township (town) party committees are responsible for launching local study-related activities, principal leaders of party committees should personally attend to the matter, and leaders who are in charge should be assigned specific responsibility.

Zhejiang Procuratorate Work Report

OW2604052895 Hangzhou ZHEJIANG RIBAO in Chinese 5 Mar 95 p 3

[“Report (Excerpts) on the Work of the Zhejiang Provincial People’s Procuratorate Delivered by Ge Shengping, Chief Procurator of the Zhejiang Provincial People’s Procuratorate, at the Third Session of the Eighth Zhejiang Provincial People’s Congress on 22 February 1995”]

[FBIS Translated Text] In 1994, procuratorial organs throughout the province earnestly investigated and prosecuted major and important economic criminal cases, such as corruption and bribery, in accordance with the resolution of the Second Session of the Eighth Zhejiang Provincial People’s Congress on procuratorial work and the Supreme People’s Procuratorate’s work arrangements; the general work requirements of the entire party and country for “seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability”; and the principles of “enforcing the law strictly and handling cases vigorously.” They dealt a stern blow to serious criminal activities by meting out stiff and swift punishment in accordance with the law; tightened supervision over law enforcement; fully exercised legal supervision; strengthened procuratorial forces; and achieved new results.

1. They earnestly investigated and prosecuted major and important economic criminal cases, such as corruption and bribery; launched a thoroughgoing anticorruption drive; and safeguarded socialist market economic order. Procuratorial organs throughout the province investigated and prosecuted in accordance with the law corruption, bribery, and other economic crimes committed by state functionaries, especially major and important ones, as a way to provide the most important and direct service to reform, opening up, and economic construction. They conscientiously implemented the relevant major policy decisions of the party Central Committee and State Council; enforced the law strictly; handled cases vigorously; focused on investigating and prosecuting major and important cases; and intensified their efforts to combat economic crimes. A total of 2,291 various economic criminal cases were filed for investigation and prosecution throughout the province, representing a 17-percent increase over the previous year. Of these, 1,591 were major and important cases, with 200 of

them involving 100,000 yuan to 500,000 yuan, 22 involving 500,000 yuan to 1 million yuan, and 29 involving 1 million yuan or more. Coupled with the amounts in other cases handled, 167 million yuan in economic losses were retrieved for the state and collectives.

—**The number of major corruption and bribery cases filed for investigation and prosecution increased substantially.** A total of 1,066 major corruption and bribery cases were filed for investigation and prosecution, accounting for 65.7 percent of the total number of corruption and bribery cases, and a 58.4-percent increase over the previous year. Exceptionally large cases involving 100,000 yuan or more numbered 65, a 150-percent increase over the previous year. Major bribery cases numbered 529, accounting for 50.2 percent [no comparison base as published], and exceeding the number of major corruption cases. This showed that the anticorruption drive deepened further.

—**Breakthroughs were achieved in investigating and prosecuting cases involving crimes committed by leading cadres, especially important cases involving crimes perpetrated by cadres at or above the county and section levels.** A total of 171 cases involving crimes committed by leading cadres at or above the division and bureau levels were filed for investigation and prosecution. Of these, 38 were important cases involving crimes perpetrated by cadres at or above the county and section levels, and two involved crimes perpetrated by cadres at the departmental level. In Quzhou and Kaihua, the provincial procuratorate and the Quzhou City Procuratorate filed for investigation and prosecution 18 collusive bribery cases involving Zhan Tusheng, former Quzhou City Party Committee Standing Committee member and vice mayor, and Liu Xinchun, Kaihua County Party Committee secretary. Seven were important cases involving crimes perpetrated by cadres at or above the county and section levels, and six were cases involving crimes committed by cadres at the division and bureau levels.

—**The number of investigated and prosecuted cases involving crimes committed in four key departments, including party and government organs, increased noticeably.** A total of 481 economic criminal cases that occurred in party and government organs, judicial departments, administrative law-enforcement departments, and economic administrative departments were filed for investigation and prosecution, accounting for 21 percent of the total number of cases filed. These cases involved 166 party and government functionaries, 52 judicial personnel, 102 administrative law-enforcement personnel, and 187 economic administrative department personnel.

—**A number of major economic criminal cases that seriously undermined economic order and jeopardized the implementation of reform measures were investigated and prosecuted promptly.** A total of 668 major economic criminal cases of these types were filed for

investigation and prosecution. Of these, 138 involved falsifying, reselling at a profit, and illegally using special value-added tax invoices; 62 involved imitating trademarks and producing and selling fake and inferior commodities; and 273 were major and exceptionally large cases involving tax evasion and tax fraud. There were 110 criminal cases involving legal persons.

2. They severely and swiftly punished serious criminal activities in accordance with the law; took an active part in improving all facets of public order; and created a good environment for reform and construction. Procuratorial organs across the province consistently focused on "dealing a stern blow" to crime in their work; actively performed their functions; firmly upheld the principle of meting out heavy and swift punishment in accordance with the law; worked closely with public security departments and courts; and stepped up efforts to combat various serious crimes that jeopardized state security, undermined social stability, and disrupted social order. Throughout the year, they received 29,838 assorted criminals transferred to them by public security organs for approval of arrests, and approved the arrests of 26,713 people in accordance with the law. They received 30,149 assorted criminals transferred to them for prosecution, and prosecuted 26,551 of them in accordance with the law. The numbers of approved arrests and prosecutions increased by 10.8 percent and 15.7 percent, respectively, over the previous year.

They responded rapidly to and became involved preemptively in major and exceptionally large cases involving active criminals, and took strong and swift actions to approve arrests and initiate legal proceedings in accordance with the law. They became involved preemptively in 2,880 major and exceptionally large cases involving active criminals. They took strong and swift actions to approve the arrests of 10,926 criminals in major and exceptionally large cases—including murderers, robbers, and hooligans—in accordance with the law, and prosecuted 7,325 people. These figures accounted for 40.9 percent and 27.6 percent, respectively, of the total numbers of approved arrests and prosecutions, and represented increases of 21.9 percent and 21.1 percent over the previous year. In the Qiandao Lake robbery and murder case that occurred on 31 March, the chief procurators of the provincial, city, and county procuratorates led cadres in intervening in the case at an early date, achieving good results in making timely arrests, initiating legal proceedings, and appearing in court to support the prosecution.

They cooperated closely with relevant departments and actively launched special intensive operations under the unified arrangements of local party committees. Procuratorial organs at all levels across the province exercised their functions and took an active part in various special operations to combat thievery, arrest roving criminals, crack down on "highway and railway bandits," "root out pornography," and "clamp down on illegal publications." During the province-wide intensive operation

launched after August to improve public order in rural areas, they approved, in accordance with the law, the arrests of 12,444 assorted criminals who had jeopardized public order in rural areas, and prosecuted 12,955 [number as published] criminals. During the special operations to "root out pornography" and "clamp down on illegal publications," they approved, in accordance with the law, the arrests of 44 criminals who produced and sold pornographic material.

Aside from intensifying their efforts to fight serious criminals, procuratorial organs across the province paid attention to combining case-handling with the conscientious implementation of various measures for improving all facets of public order during the procuratorial stage.

3. They tightened supervision over law enforcement to ensure the unified and correct enforcement of state laws. Procuratorial organs across the province attached importance to supervising law enforcement. Through closer supervision, they ensured the unified and correct enforcement of state laws, and safeguarded the authoritativeness of the legal system.

They intensified their efforts to investigate and prosecute cases involving law-enforcement personnel who perverted justice for bribes, practiced favoritism and fraud, and extorted confessions by torture. Procuratorial organs throughout the province selectively investigated and prosecuted crimes committed by law-enforcement personnel, taking this effort as their priority task in tightening supervision over law enforcement. They filed 34 cases for investigation and prosecution involving judicial and administrative law-enforcement personnel who perverted justice for bribes, practiced favoritism and fraud, and extorted confessions by torture. Of these, 13 involved favoritism and fraud.

They tightened legal supervision over investigations, trials, and the enforcement of court decisions and rulings in criminal cases. In overseeing investigations, they focused on the problems of failing to investigate crimes and replacing punishment with fines. They exercised supervision and took corrective actions in major criminal cases involving these problems in accordance with the law. In accordance with relevant provisions in the Criminal Procedure Law, procuratorial organs themselves filed for investigation and prosecution 18 typical cases that were not filed for investigation and prosecution, or where criminal responsibility was not investigated, despite the adoption of measures to correct these practices. Through reviews aimed at controlling lapses, they arrested an additional 265 people in accordance with the law, prosecuted 222 more people, disapproved the arrests of 1,859 people, decided against prosecuting 76 people, and remanded 6,023 people for further investigations due to obscure facts and insufficient evidence. In overseeing trials, they focused on contesting wrongly judged cases where major offenses drew light sentences, the guilty were acquitted, and minor offenses drew stiff sentences; and filed challenges against 107 such cases in

court. They made 54 corrective suggestions on illegal acts committed in the administration of justice. In overseeing the enforcement of court decisions and rulings in criminal cases, they focused on enforcement actions that were taken without regard for legal provisions, as well as illegal acts committed in connection with sentence reduction, parole, and medical parole. They made 5,674 suggestions on correcting illegal acts to prison management and criminal reform departments, and 2,082 suggestions on remedying various illegal acts committed in the course of enforcing sentence reduction, parole, and medical parole.

They strengthened legal supervision over civil-affair trial and administrative litigation activities and over the accusations and appeals against the procuratorial work. The emphasis of supervision over civil-affair trial and administrative litigation activities was placed on the work of filing complaints against cases with wrong verdicts and rulings; complaints against a total of eight civil-affair and administrative cases with wrong rulings were filed. The focus of handling accusations and appeals against procuratorial work was on the double-checking of appeals including appeals against court rulings, verdicts, and procuratorial organs' decisions on exemption from prosecution; keeping no record for the case, arrests, and case dismissals. A total of 3,285 cases were handled, of which some were submitted to the court for retrial, whereas decisions for some cases were revised after being double-checked by procuratorial organs.

4. They conscientiously investigated and handled the crimes of "infringements upon rights" and malfeasance, and safeguarded the state's interests as well as citizens' legitimate rights and interests. While making an all-out effort to investigate and handle major economic crimes, such as graft and bribery, and the perversion of justice for bribes by law enforcement officers, procuratorial organs around the province had continued to attach importance to the investigation and handling of illegal detention, illegal intrusion into other people's residences, and other "infringements upon rights", as well as criminal cases involving serious accidents due to negligence and dereliction of duty. A total of 2,489 cases concerning "infringements upon rights," serious accidents due to negligence, and dereliction of duty were accepted around the province, 539 of which were put on record for investigation, and this also included 93 particularly serious criminal cases, up 26.2 percent and 45.3 percent from the previous year, respectively. The cases being put on record for investigation included 146 illegal detentions of "hostages" in trade activities; 206 serious accidents due to negligence in factories, mines, and other units; and 82 criminal cases of dereliction of duty. These three kinds of criminal cases account for 80.5 percent of the total cases of "infringements upon rights" and dereliction of duty, up 38.7 percent from the previous year. In investigating and handling the aforementioned criminal cases, procuratorial organs had persisted in the investigation and handling of particularly serious and typical cases and had put the investigation and handling

of 38 particularly serious cases on record. These included the drowning of 43 primary school students in their spring outing in Jinyun; the fire in the Hangzhou Tiangong Art Center, which was due to relevant workers' dereliction of duty and caused nearly 10 million yuan in damages; and cases involving deaths of over 10 people and over 1 million yuan in damages.

Over the past year, procuratorial organs around the province have emphatically done the following work:

(1) They further defined the guiding ideology for handling cases. Procuratorial organs at various levels around the province persisted in subjecting themselves to and serving the party's central and overall work of "seizing the opportunity, deepening reform, opening wider to the outside world, promoting development, and maintaining stability" and made it the starting point and goal of their procuratorial work. They correctly approached and handled the relations between reform, development, and stability; unwaveringly made the crackdown on various crimes the procuratorial organs' most important and direct service to reform and construction; enhanced their confidence in struggle; further lifted their spirit; and did a solid job with courage and assurance. Meanwhile, they enhanced their understanding of the overall situation in reform and construction, made frequent surveys and analyses on the situation of new crimes cropping up after the launch of reform measures, and took action in a timely manner to crack down on criminal activities that seriously disrupted economic order in the market and hampered the smooth implementation of reform measures.

(2) They persisted in enforcing the law strictly, firmly adhered to the work principles of handling cases, and made an all-out effort to investigate and handle major and serious cases. Chief procurators at various levels directly handled cases, particularly those within party and government organs, judicial departments, administrative and law enforcement departments, and departments in charge of economic affairs, and personally took part in crucial links to make breakthroughs in the cases. Provincial procuratorate and city and branch procuratorates investigated and handled criminal cases involving leading cadres at and above the county and department levels their primary task and pooled manpower and materials to investigate serious cases, particularly major cases among them. In the meantime, they attached importance to the use of legal weapons to eliminate interference and resistance in the course of handling cases. Last year, the province filed 13 criminal cases of perjury and of using one's functions and powers to seek personal gain, engage in embezzlement, and shield economic crimes.

(3) They attached greater importance to the quality of case handling. Procuratorial organs handled cases in accordance with the law and dealt precise blows at crimes by earnestly implementing the principle of "being resolute but careful and making accuracy an absolute requirement." They have firmly investigated according to law

violations that constitute a criminal offense, major and serious ones in particular, regardless of who was involved. In the course of investigation, they strictly abided by the laws, regulations, and investigative procedures and earnestly followed schemes designed to ensure quality investigation in the pursuit of truth, taking facts as the basis and the law as the criterion. When new situations and new problems arose in the course of investigation or where it was murky whether an offense was committed, they would step up investigation and research and take a cautious approach. In case of serious and major violations—serious violations in particular—they made it a practice to put the chief procurator in charge and made full use of the functions of procuratorial units in charge of investigation, criminal proceedings, and petitions and complaints, as well as procuratorial committees at all levels to ensure that the cases were handled correctly. Some localities have also instituted a system of responsibility for mishandled cases.

(4). They have conscientiously subjected themselves to supervision of the people's congresses and their standing committees to promote strict law enforcement. Supervision over procuratorial organs by the people's congresses at all levels and their standing committees helps advance procuratorial work. Procuratorial organs across the province have become more aware of the importance of supervision. They submitted reports on their work to the people's congresses and their standing committees, invited people's deputies to examine their work, established a contact system with the people's deputies, and sponsored forums of people's deputies to solicit and hear their views, criticisms, and suggestions in a timely fashion, voluntarily subjecting themselves to supervision and making constant efforts to improve and strengthen supervision work. Local procuratorial organs have also, as a general practice, voluntarily subjected themselves to law and discipline enforcement appraisal and inspection by people's congresses. They conscientiously implemented rectification and correction in light of problems uncovered through self-investigation or the criticism and suggestion of the people's deputies. Meanwhile, procuratorial organs at all levels have also earnestly implemented the principle of combining specialized organs with the mass line by intensifying efforts to collect crime information from the masses. Thanks to information provided by the masses, the province's procuratorial organs uncovered and investigated 672 major economic offenses last year, accounting for 42.2 percent of the major and serious offenses. The provincial procuratorate and some city procuratorates have enhanced the role of special procuratorial agents to help advance procuratorial work.

(5) They set strict standards of conduct for and improved the professional competence of procuratorial personnel. While carrying out their professional work, procuratorial organs across the province improved the professional competence of procuratorial personnel and set strict standards of conduct for them to improve them both politically and professionally and arouse the initiative of

the broad masses of cadres. To this end, they have paid close attention to the following five aspects: (1) making ideological education the top priority in building up the ranks, arming the broad masses of cadres with the theory on building socialism with Chinese characteristics, and increasing their awareness of the need to firmly carry out the party's basic line; (2) building up the party organizations and leading bodies in procuratorial organs with the focus on implementing democratic centralism; (3) conscientiously implementing the decision of the Third Plenary Session of the Central Discipline Inspection Commission and promoting the building of clean government. Procuratorial organs organized cadres at the section level or higher to earnestly examine themselves against the Regulations of the Central and Provincial Party Committees and the Supreme Procuratorate for Clean Standards and Self-discipline. A very small number of cadres who were found having violated law or discipline were punished severely;

(4) A variety of measures were taken to raise the professional qualifications of cadres. A total of 2,386 cadres across the province took part in specialized or adaptive training. The provincial procuratorate ran six vocational training courses, which 462 people attended; (5) competition and incentive mechanisms were introduced to reform the personnel management system of procuratorial organs and to invigorate the ranks of procuratorial personnel.

All in all, the province's procuratorial organs made progress in their work during the year. There were, however, quite a few problems and shortcomings. The major ones were: (1) Investigation of serious economic offenses involving embezzlement and bribe taking yielded notable results but progress in this regard has been uneven. The small number of major and serious violations that were investigated in some localities was very incompatible with the objective conditions of embezzlement and bribe taking; (2) supervision over law enforcement remained a weak link and law enforcement was still rather lax; (3) a very small number of procuratorial cadres in charge of executing law are violators themselves; some were guilty of serious violations; (4) in spite of some improvements, inadequate funding for investigations, insufficient facilities, and backward equipment were incompatible with the requirements of the situation and our tasks. This affected, to some extent, the execution of our work. We must face up to these problems and shortcomings and make an earnest effort to solve them in the future.

The guiding principle and top priority of this year's procuratorial work are: under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics; implement in a down-to-earth manner the guidelines of the 14th CPC National Congress, the Third and Fourth Plenary Sessions of the 14th CPC Central Committee, and the National Work Conference on Judicial, Procuratorial, and Public Security Work; stick to the guiding ideology of serving reform,

opening up, and economic construction and the policy of "strict law enforcement and thorough investigation of violations;" place emphasis on the investigation of serious and major violations involving embezzlement and bribe taking; severely and promptly deal with serious criminal offenses; step up law enforcement supervision; build up the party and improve the competence of the ranks of procurators; make positive efforts in advancing reform of the procuratorial structure and the legal system; bring into full play the functions of procuratorial organs; safeguard consistent and correct implementation of laws; promote the building of clean government, democracy, and legality to ensure the establishment and development of a socialist market economic system. In our work we should pay close attention to the following four areas:

1. To deepen the struggle against corruption, we must continue to give priority to investigating and prosecuting major cases. In accordance with the plan drawn up by the central authorities, the provincial party committee, and the higher people's procuratorate, Zhejiang's Procuratorial Organs' priorities this year are to investigate and prosecute cases of corruption, bribery, and other major economic crimes committed by leading party and government organs, law enforcement departments, judicial departments, and economic departments—especially crimes committed by county and department-level leading cadres, and various other serious economic crimes, such as those that endanger reform and opening up and those that undermine the order of the socialist market economy. Our prosecution must be earnest, lawful, and pertinent; and our crackdowns must be timely, accurate, and powerful.

2. We should safeguard social stability by cracking down on serious crimes harshly and promptly. Safeguarding social stability is a long-term strategic mission. In accordance with the principle of cracking down on crimes harshly and promptly according to the law, procuratorial organs throughout Zhejiang must give priority to cracking down on murders, robberies, bombings, rapes, and other major violent and heinous crimes; and on serious counterrevolutionary crimes, such as subversive and sabotage activities launched by hooligans, syndicate-like criminal gangs, or hostile forces at home and abroad. Meanwhile, we must keep a close watch on the public order in certain localities, and, under the party committees' centralized leadership, work in close coordination with departments concerned and launch all forms of struggle against crimes in specific sectors. We should especially continue to take part in activities to improve public order in rural areas, pay attention to combining crackdowns with prevention, and make sure that all comprehensive crime control measures are carried out in the procuratorial sector.

3. We should give priority to investigating and prosecuting major criminal cases and intensify supervision over law enforcement. Supervision of law enforcement should

proceed on the basis of the two principles: cracking down on economic crimes harshly and strictly according to the law, and cracking down on serious felonies harshly and promptly according to the law. While doing so we should give priority to investigating and prosecuting crimes such as bribery and embezzlement, committed by judicial and law enforcement personnel. We must intensify our efforts in these operations which should be considered as the priority of priorities of investigating and prosecuting major corruption cases. As organs that supervise law enforcement, we procuratorial organs must set higher requirements for ourselves. We must earnestly study and implement the "State Compensation Law," voluntarily accept the supervision of the people's congress and other quarters, continue to heighten our sense of law and the legal system, do our work strictly in accordance with the law, handle all cases in a civil manner, make constant efforts to improve our law enforcement competence, and work consciously to safeguard the authority of the legal system.

4. We should build a contingent of more competent procuratorial personnel through party building. We should organize procuratorial personnel to earnestly study the "Selected Works of Deng Xiaoping," and the guidelines laid down by the 14th National CPC Congress and by the third and fourth plenary sessions of the 14th CPC Central Committee; and help police officers become politically stronger by arming their minds with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Upholding the principle that we should be firm in proceeding with material and spiritual construction, we should fully discharge our responsibilities while exercising supervision over law enforcement. We should also heighten our party concept, earnestly implement the party's lines and its general and specific policies, and maintain a high degree of unity with the Central Committee. Meanwhile, we must also organize the cadres to study the basics of market economy as well as and science and technology. We should pay attention to cadres' on-the-job training, and make efforts to improve their political awareness and professional competence. We should attend to building competent party organizations and leading groups of procuratorial organs at all levels, strengthen guidance for grass-roots party organizations, and build party organizations of all procuratorates into staunch collectives with coherent and fighting powers. We should continue to heighten procuratorial personnel's ethical sense and persist in using educational, institutional, and disciplinary measures to prompt them to fight corruption among themselves. We should actively seek and count on the attention and support of party committees, people's congresses, and governments at all levels for procuratorial organs to ensure that procuratorial organs can prosecute cases independently and have better working conditions. We should intensify efforts in restructuring the management of procuratorial cadres so that procuratorial operations can proceed with a more vital contingent of procuratorial personnel.

Ministry Urges President Clinton To Allow Li Visit

OW0405022995 Taipei CNA in English 0156 GMT 4 May 95

[By Benjamin Yeh]

[FBIS Transcribed Text] 3 (CNA)—A ranking Foreign Affairs Ministry official on Wednesday [2 May] urged the Clinton administration to respect the common wish of the U.S. Congress and allow ROC [Republic of China] president Li Teng-hui to visit the United States.

Tu Chou-seng, director of the ministry's North American Affairs Department, made the remarks after the U.S. House of Representatives endorsed a concurrent resolution on Tuesday, saying President Bill Clinton should indicate promptly that the U.S. welcomes Li to visit his alma mater, Cornell University.

The resolution, presented by Rep. Thomas Lantos (D-Cal), passed the floor by a vote of 396-0. "The outcome of the vote is exciting," Tu commented.

Although the resolution is nonbinding, Tu said the "clear and loud voice" of the U.S. Congress should not be ignored. He described the overwhelming vote as a "positive factor" for the future review of Taiwan policy by the Clinton administration.

Some congressmen threatened to enforce the resolution by passing legislation on it should the Clinton administration continue to ignore it.

Tu, while saying he was "desperate" to see Li visit the U.S., emphasized at the same time that he does not want to see ties between the U.S. Congress and Clinton administration jeopardized because of the resolution. "The best way for the Clinton administration to cope with the issue is to revise its Taiwan policy," he said.

The Clinton administration amended the policy last year, permitting exchanges of visits by high-ranking economic affairs officials between the two countries. The ROC president is still barred from visiting the U.S., however.

Taipei Expresses 'Regret' at No NPT Invitation

OW0405024895 Taipei CNA in English 0132 GMT 4 May 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, May 3 (CNA)—The ROC [Republic of China] Foreign Affairs ministry on Wednesday [3 May] expressed regret about not being able to take part in the 1995 review and extension conference of the nuclear nonproliferation treaty [NPT], which ended late last month.

The ROC still supports the indefinite extension of the treaty, however, the ministry said.

The ministry noted that the ROC, as one of the first signatories to the treaty, has for the past 25 years faithfully implemented the treaty's provisions and assumed the obligations that go along with it.

The ROC has also been making every effort to prevent nuclear proliferation, abide by the nuclear safeguard measures of the international atomic energy agency, and encourage the peaceful use of nuclear energy, it added.

Although the ministry said it regretted not being invited to the conference because of the importance of the gathering and its bearing on the future stability of the world, it added that the ROC wishes to make known to the world that it welcomes the progress achieved by nuclear weapons states to reduce and eventually eliminate all nuclear weapons.

The ROC also calls on all nuclear states to quicken the pace of nuclear disarmament negotiations, and to support the establishment of nuclear-free zones in regions such as the South Pacific, Latin America and the Caribbean, Africa and West Asia, the ministry said.

The ROC also endorses the principle of universality for the nuclear nonproliferation treaty, it said.

Task Force Set Up To Handle Post-Deng Refugees

OW0405111895 Taipei TZU-LI WAN-PAO in Chinese 28 Apr 95 p 3

[FBIS Translated Text] As the rumor mill continues to churn out news of Teng Hsiao-ping [Deng Xiaoping] being critically ill, the Kaohsiung county government called a special meeting of the "Post-Teng Period" Emergency Handling Group on the morning of 28 April. The meeting, presided over by county head Yu Cheng-hsien, decided to form a special task force that will be entrusted with the task of working out contingency plans for dealing with refugee reception and relief; illegal immigrants; and the provision of emergency medical supplies according to presumed conditions and requirements.

Because of the constant reports of the news of Teng Hsiao-ping's imminent death over the past several months, the county government set up a "Post-Teng Period" Emergency Handling Group at the end of last year under the instructions of county head Yu Cheng-hsien. The group has since convened several meetings. Due to reports over the past several days that Teng Hsiao-ping could pass away at any time, the county government called an emergency meeting on the morning of 28 April.

County head Yu Chien-hsien pointed out that once Teng Hsiao-ping passes away, loss of control and social confusion could occur on the mainland, and past incidents similar to mainland refugees flooding Hong Kong and refugees fleeing from Vietnam could be replayed—which

could trigger various unforeseen situations—hence the need for the government to work out various contingency plans.

Meeting participants noted that as the possibility of Teng Hsiao-ping's imminent death is great, it is incumbent upon the county government to not only pay close attention to Teng Hsiao-ping's health, but also to work out preventive measures, so that relevant units and the people will adapt promptly, either psychologically or practically, to the sudden outbreak of a crisis.

A resolution was adopted at the meeting to set up a special task force that will be entrusted with the task of devising contingency plans under presumed conditions. Those plans will deal with refugee reception and relief; illegal immigrants; information collection and transmission; control of security in localities and of criminal elements; supply of daily necessities and of emergency medical care; issuance of government orders and decrees through the news media; mobilization of social forces; and with rehearsals for the plan's enforcement.

The county government also decided to requisition schools along coastal areas including Nitou and Linyuan, and to set up refugee reception centers in Jenwutung and Hsiyingchu. It also plans to send personnel to conduct on-site inspections there in the next few days.

Central Bank Reports on Widening Deficit

OW'0405100095 Taipei CNA in English 0839 GMT 4 May 95

[By Sofia Wu]

[FBIS Transcribed Text] Taiwan, May 4 (CNA)—Taiwan's international balance sheet ended up in the red in the first quarter of this year, mainly due to capital repatriation by foreign institutional stock investors, Central Bank of China (CBC) officials said Thursday [4 May].

According to preliminary CBC tallies, Taiwan's first quarter balance-of-payments deficit amounted to more than U.S.\$1 billion, the highest single-quarter deficit since 1992.

The huge deficit resulted mainly from foreign financial institutions' repatriation of capital gains earned from the Taiwan stock market, the officials noted.

CBC statistics show that foreign financial institutions repatriated about U.S.\$600 million during the January-March period. Moreover, local mutual fund management companies also remitted big sums of money out of Taiwan during the same period.

Such moves not only prompted the new Taiwan [NT] dollar to depreciate against nearly all major foreign currencies during the first quarter, but also widened Taiwan's balance-of-payments deficit, the officials said. Taiwan registered a balance-of-payments deficit of U.S.\$275 million in the last quarter of 1994, also because of capital repatriation by foreign institutional stock investors.

Balance of payments is a system recording all of a country's economic transactions with the rest of the world during a specified period of time. It is typically divided into a capital account, which records short- and long-term capital flows, and a current account, which records merchandise and service trade as well as unrequited transfers.

CBC deputy governor Peng Huai-nan said a quarterly balance-of-payments deficit may not necessarily signal a downturn in a country's general economic or financial situation.

Peng said all major economic indicators show that the Taiwan economy has remained on a normal track of steady growth. Moreover, the depreciation of the NT dollar against the Japanese yen and the German mark has helped boost Taiwan exports in recent months. As a result, Taiwan's trade surplus reached U.S.\$1.5 billion in the first quarter of this year, up a whopping 289.7 percent from the year-earlier level.

Generally speaking, Peng said, the structure of Taiwan's international balance sheet has remained normal and healthy. "The first-quarter international payments deficit will not have an adverse impact on our economic development or financial stability," he added.

The central bank is scheduled to release Taiwan's exact international payments figures for the first quarter on May 20.

Despite increased net capital outflow in the October-December period, Taiwan still managed to post a balance-of-payments surplus of U.S.\$4.7 billion in 1994, a three-year high.

Hong Kong

Shougang Steel Denies Deng's Son Investigated

HK0405074795 Hong Kong AFP in English 0728 GMT
4 May 95

[FBIS Transcribed Text] Hong Kong, May 4 (AFP)—China's steel giant Shougang's operational arm in Hong Kong dismissed Thursday [4 May] a report that its director Deng Zhifang, the son of China's paramount leader Deng Xiaoping, was under investigation in Beijing for alleged economic crimes. In a brief statement released to the Stock Exchange of Hong Kong, Shougang Concord Grand and its subsidiary Hoi Sing Holdings Ltd., said their directors had been informed by Deng that "such reporting was untrue."

Unconfirmed reports in Beijing said Deng's younger son had been questioned about alleged economic crimes. The report came three months after the arrest of Zhou Beifang, who together with Deng ran Shougang Concord International, the Hong Kong-listed flagship of the Beijing-based Shougang, or China Iron and Steel Corp. Zhou's father, Zhou Guanwu, chairman of Shougang, resigned in February a few days before his arrest for alleged fraud. Meanwhile, official sources in Beijing said two senior executives of Shougang subsidiaries in China were sentenced to death for economic crimes, official sources said Thursday.

Shougang was chosen by Deng Xiaoping as a model for his free-market economic reforms launched in the 1980s. The company came on to the Hong Kong bourse in 1993 by way of a "back-door listing," whereby it acquired obscure companies then injected assets into them—thus avoiding China laws on overseas listing of state companies.

Civil Servants Reportedly Not Asked To Interview

HK0305070695 Hong Kong HONGKONG STANDARD
in English 3 May 95 p 2

[By Y.M. Choi]

[FBIS Transcribed Text] A senior government official has denied that invitations have been received from the Chinese authorities for senior civil servants to visit Beijing to receive a blessing to ride the through-train. It was reported yesterday that during the last Joint Liaison Group meeting China requested local officials of D3 level or above to be interviewed in Beijing before 1997.

A senior government official, who declined to be named dismissed the claim. "There has never been such a request from the Chinese side, either for the secretary or director or any officials of D3 or above to go to Beijing for such an interview," he said.

He declined to disclose whether there was any progress in the JLG on the subject of the smooth transition of senior officials. "We will try to co-operate with the

Chinese side as far as possible, but we have also taken up the civil servants' concerns about handing their files to the Chinese officials."

The vice-chairman of the Democratic Alliance for the Betterment of Hong Kong Tam Yiu-chung, said he would not rule out the possibility of the director of the Hong Kong and Macao Affairs Office, Lu Ping, meeting Chief Secretary Anson Chan to discuss civil service matters.

Legco Votes Down Sino-British Appeals Court Deal

HK0405035195 Hong Kong SOUTH CHINA
MORNING POST in English 4 May 95 pp 1, 6

[By Chris Yeung and Linda Choy]

[FBIS Transcribed Text] Legislators last night voted down for the second time the Sino-British deal on the territory's future Court of Final Appeal, virtually scuttling any hope for establishment of the court before 1997. After a three-hour debate, legislators rejected a motion which could have paved the way for the Government to submit legislation on the structure of the court even without prior Chinese approval. But the vote at about 11 pm meant that the Government's bill containing the controversial ratio of local to overseas judges—the so-called "4-1" formula—would almost certainly be rejected in the Legislative Council regardless of whether China endorsed it. Legco's determined opposition to the arrangement drawn up in the Joint Liaison Group (JLG) in 1991 will further complicate ongoing talks in the JLG on the draft bill.

Jimmy McGregor, representing the Hong Kong General Chamber of Commerce in Legco, had proposed a motion urging the Government to set up the Court of Final Appeal "at the earliest opportunity", in line with the JLG agreement. Both the Democratic Party and the Liberal Party set about deleting references to the 1991 deal, saying provisions in the Joint Declaration and the Basic Law that allowed flexibility must be adhered to. The council finally voted 33-11 to drop the JLG reference in favour of a reference to the court being set up soon according to the Joint Declaration and the Basic Law. The same council had rejected the court deal by 34-11 in a debate in November 1991.

Mr McGregor, who had changed his mind since 1991 and now supports the deal, said after the meeting he was disappointed the debate had led the whole council back to square one on the court of appeal issue. He urged the Government to find a solution to the deadlock as soon as possible by seeking negotiations with China.

Chief Secretary Anson Chan Fang On-sang and the Attorney-General, Jeremy Mathews, maintained that the "4-1" deal was in line with the 1997 accord between London and Beijing. Mrs Chan said failure to set up the court before 1997 would result in a "legal vacuum at the apex of our judicial system". Any delay, she said, and

"we would be rightly criticised for not meeting our obligations under the 1991 agreement". "That is why, if the Chinese side do not tell us very soon that they are content with the draft bill, we will have to face the difficult decision of whether to continue to wait for the Chinese agreement," she said.

Mr Mathews said the "inescapable fact is that the JLG agreement cannot be renegotiated", and that it was a "perfectly acceptable way".

Moses Cheng, the lawyer who put up the successful amendment to Mr McGregor's motion, said flexibility over the composition of the court was important to its operation. Some Democratic Party members and independent Emily Lau Wai-hing said the judicial independence of Hong Kong after 1997 would be seriously undermined if reports that China has demanded curbs on the jurisdiction of the Court of Final Appeal at the JLG talks were true. Mrs Chan, Mr Mathews and Governor Chris Patten refused to divulge any details, citing confidentiality rules. But Mr Patten said it would be a clear breach of the promise to vest the court with the power of final adjudication if anyone was to suggest its powers be limited.

It is understood Chinese negotiators proposed amendments to the court bill to limit the jurisdiction of the court and allow "judicial remedy"—a higher challenge to its ruling. The demands were first raised before 1991 and before being "swept under the carpet" after the "4-1" ratio between local to overseas judges was struck. Chinese officials raised them again in its full list of outstanding concerns over the bill given to the British counterpart last week. China was said to "want to have some means to overturn verdicts that they don't agree with". Beijing would also be anxious to widen the areas over which the Court of Final Appeal would have no jurisdiction, in addition to those related to "acts of state such as defence and foreign affairs", as laid down under the Basic Law. Chinese officials have insisted that the 1991 deal solved only the issue of the ratio of local judges, the "4-1" formula, but not other issues such as jurisdiction and judicial remedy.

In his reply to a question of whether China was attempting to "impose some kind of authority on top of the Court of Final Appeal", Mr Patten said: "I cannot conceive of us under any circumstances agreeing to something in talks which was against the letter and spirit of the Joint Declaration and the Basic Law. They are absolutely clear about the independent judicial authority of Hong Kong, about the final jurisdiction in Hong Kong courts and absolutely clear as well about the continuance of the Common Law. If anyone was to suggest the sort of things (Chinese proposals) which you mentioned, they would clearly fly in the face of those agreements." Mr Patten, however, emphasised the importance of getting on with the experts' talks on the court.

Independent legislator Emily Lau Wai-hing said any moves to strip the Special Administrative Region of its

final power of adjudication would be a "serious breach" of the 1997 accord. She said the Government had a duty to tell the public if Beijing had made "such outrageous proposals".

Martin Lee Chu-ming said the Chinese proposals, if true, represented moves to take back the judicial independent powers from the Special Administrative Region step by step "until judicial independence totally vanish". "The Court of Final Appeal is the last bastion for the rule of law," said Mr Lee.

Ms Lau insisted that the Appeal Court issue was not "a mere question of numbers", and that "flexibility is an aspect of judicial independence". She argued that foreign judges would be "less susceptible to control and influence by the Chinese government," which was essential in maintaining confidence and continuity of the legal system.

Accountant Peter Wong Hong-yuen, who supported Mr McGregor's motion, said: "Hong Kong has already suffered greatly from the derailment of the political through-train—it cannot afford another derailment of the judicial through-train."

Secretary Outlines PRC's Budget Participation

HK0405035595 *Hong Kong EASTERN EXPRESS in English* 4 May 95 p 2

[By Sam Mok]

[FBIS Transcribed Text] China's representatives will be kept away from sensitive material when they watch the preparation process for the 1996-97 Budget, the Financial Secretary said yesterday. Sir Hamish Macleod also reaffirmed that China will "observe" but not "be consulted" in the drafting of the 1996-97 Budget. Yesterday in the Legislative Council, a Democratic Party legislator, Fred Li, voiced his concern over a recent EASTERN EXPRESS report which said the British Foreign Secretary, Douglas Hurd, told his Chinese counterpart, Qian Qichen, that the Hong Kong Government would consult the mainland on the 1996/97 Budget. Macleod said the report was inaccurate and stressed the Government was firm that China would take no active role until the preparations for the 1997/98 transition Budget.

Another Democrat, Lee Wing-tat, asked Macleod what measures would be taken to ensure that the presence of Chinese representatives and the four members of the Preliminary Working Committee did not undermine the process's confidentiality. Macleod said that China's representatives would not take part in all Budget meetings and would not be told about sensitive information, such as revenue details. He said the essence of the observation will be to enhance China's understanding of the Budget process and also reminded legislators China had promised to observe confidentiality.

PRC Banks To Set Up Branches After 1997

*HKC405011495 Beijing ZHONGGUO XINWEN SHE
in English 1231 GMT 2 May 95*

[FBIS Transcribed Text] Hong Kong, May 2 (CNS)—Financial sectors of China and Hong Kong will have closer cooperation after 1997. More mainland specialized banks are expected to set up their branches in Hong Kong post-1997, but the Central Government will launch proper control over this phenomenon, said Wang Changyao, general manager of the economic research department under the Hong Kong and Macao management office of the Bank of China.

When attending a symposium in Macao, Wang said at present the Bank of China has branches in Hong Kong. Besides, the mainland's Agriculture Bank of China, Industrial and Commercial Bank of China and Guangdong Development Bank have all set up their offices in Hong Kong. These banks are expected to establish their branches in the territory after 1997 and launch business development together with the Bank of China.

Wang stated that Hong Kong's loan business to mainland banks and enterprises has seen a great development in recent years, reaching HK\$ 194.8 billion by the end of 1993. Meanwhile, deposits at mainland banks in Hong Kong have been maintained at between HK\$40 billion and HK\$50 billion in recent years.

Financial institutions set up by the two sides develop rapidly, Wang said. More than 13 Hong Kong banks have opened 27 branches, 19 representative offices and other joint-funded banks and financial firms in the mainland, and many other banks are currently active in making their applications.

Wang added that Hong Kong's position as a financial centre will continue to develop and will not be substituted. Shanghai and other Chinese cities will need ten or twenty years to become as perfect as Hong Kong in service and its legal system.

Shanghai intends to develop into a regional financial centre. However, the current system of reforms in China have yet to change Shanghai into a very liberal and open financial centre.

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